Stolt-Nielsen

Stolt-Nielsen Limited Annual Report 2019

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ar.stolt-nielsen.com/2019

Forward-looking Statements

Included in this publication are various 'forward-looking statements', including statements regarding the intent, opinion, belief or current expectations of the Company or its management with respect to, among other things, (i) goals and strategies, (ii) plans for new development, (iii) marketing plans, the Company's target markets, (iv) evaluation of the Company's markets, competition and competitive positions, and (v) trends which may be expressed or implied by financial or other information or statements contained herein. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other facts that may cause the actual results, performance and outcomes to be materially different for any future results, performance or outcomes expressed or implied by such forward-looking statements. These factors include in particular, but are not limited to, the matters described in the Principal Risks section on pages 44 to 46.

Focused on delivering long-term sustainable growth

Stolt-Nielsen is a long-term investor and manager of businesses focused on opportunities in logistics, distribution and aquaculture.

It has world-leading businesses in global bulk-liquid and chemical logistics, and an innovative business in land-based aquaculture.

The Stolt-Nielsen portfolio consists of its group of logistics businesses, Stolt Sea Farm and investments in LNG.

Stolt-Nielsen

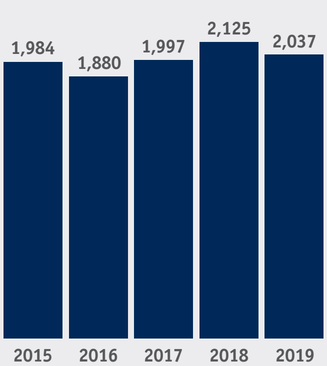
Financial Highlights 2019

Our performance

Stolt-Nielsen Limited proved resilient despite a challenging year.

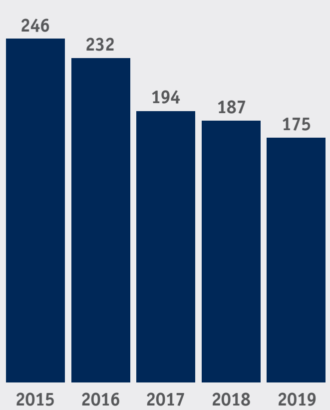
Operating revenue
(US $ millions)

US $2,037m



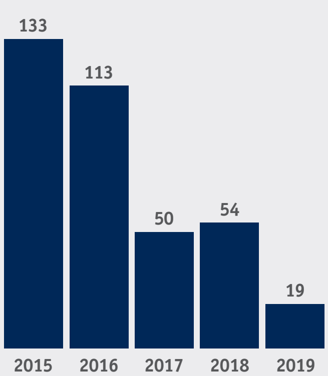
Operating profit
(US $ millions)

US $175m



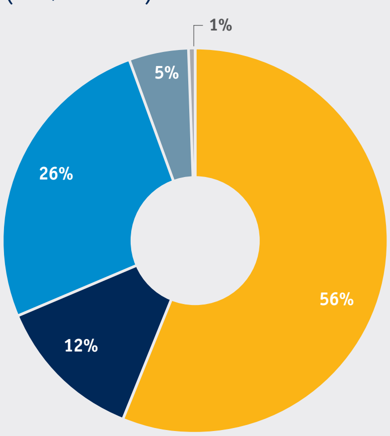
Net profit
(US $ millions)

US $19m



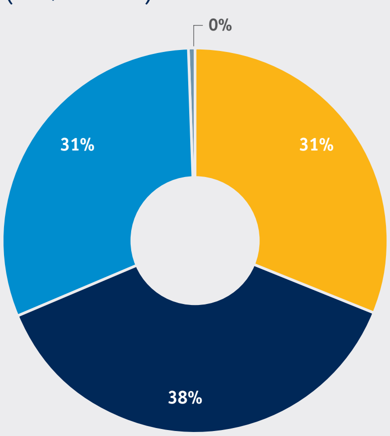
(In US $ millions, except per share data)	**2019**	2018	2017
Operating revenue	**2,037.4**	2,125.5	1,997.1
Operating profit	**175.1**	187.1	194.4
Net profit	**19.1**	54.0	50.1
Net profit per share:			
Basic	**$0.35**	$0.89	$0.81
Diluted	**$0.35**	$0.89	$0.81
Weighted average number of Common Shares and Common Share equivalents outstanding:			
Basic	**60.6**	61.3	61.9
Diluted	**60.6**	61.3	61.9

Operating revenue by business
(US $ millions)



Stolt Tankers	1,148
Stolthaven Terminals	251
Stolt Tank Containers	529
Stolt Sea Farm	106
Corporate and other	5

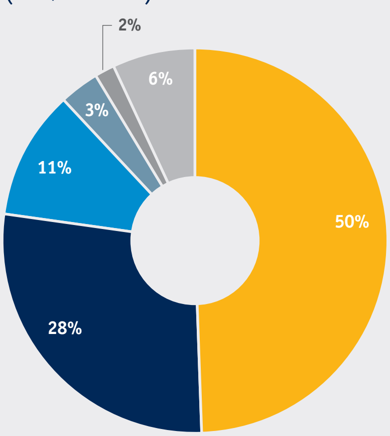
Operating profit by business*
(US $ millions)



Stolt Tankers	57
Stolthaven Terminals	69
Stolt Tank Containers	56
Stolt Sea Farm	1

* Excludes Stolt-Nielsen Gas, and Corporate and other $8 million loss

Total assets by business
(US $ millions)



Stolt Tankers	2,241
Stolthaven Terminals	1,256
Stolt Tank Containers	494
Stolt Sea Farm	143
Stolt-Nielsen Gas	76
Corporate and other	313

Our Business

At a glance

Stolt Tankers[1]

Stolt Tankers operates the world's largest fleet of sophisticated chemical tankers, providing safe, reliable and high-quality global transportation services for bulk-liquid chemicals, edible oils, acids and clean petroleum products.

71 deep-sea parcel tankers

84 coastal and inland tankers

3m total deadweight tonnes

See pages 8-9 for more details

Stolthaven Terminals

Stolthaven's global terminal network provides safe, high-quality storage and distribution services for chemicals, clean petroleum products, gas, vegetable oils, biofuels and oleochemicals in key markets and hubs worldwide.

4.9m m^3 of storage capacity[2]

12 wholly owned terminals

4 joint venture terminals

See pages 10-11 for more details

Stolt Tank Containers[3]

Stolt Tank Containers is a leading provider of logistics and transportation services for door-to-door shipments of bulk-liquid chemicals and food-grade products.

40,500 tank containers in the fleet

130,000 shipments

22 depots and hubs

See pages 12-13 for more details

Stolt Sea Farm

Stolt Sea Farm is the world's most advanced high-tech aquaculture company, and the premier provider of high quality turbot, sole, sturgeon and caviar in an environmentally sound manner.

5,700 tonnes turbot production capacity

850 tonnes sole production capacity

10 tonnes caviar production capacity

See pages 14-15 for more details

Stolt-Nielsen Gas

Stolt-Nielsen Gas invests in opportunities in LNG shipping and distribution.

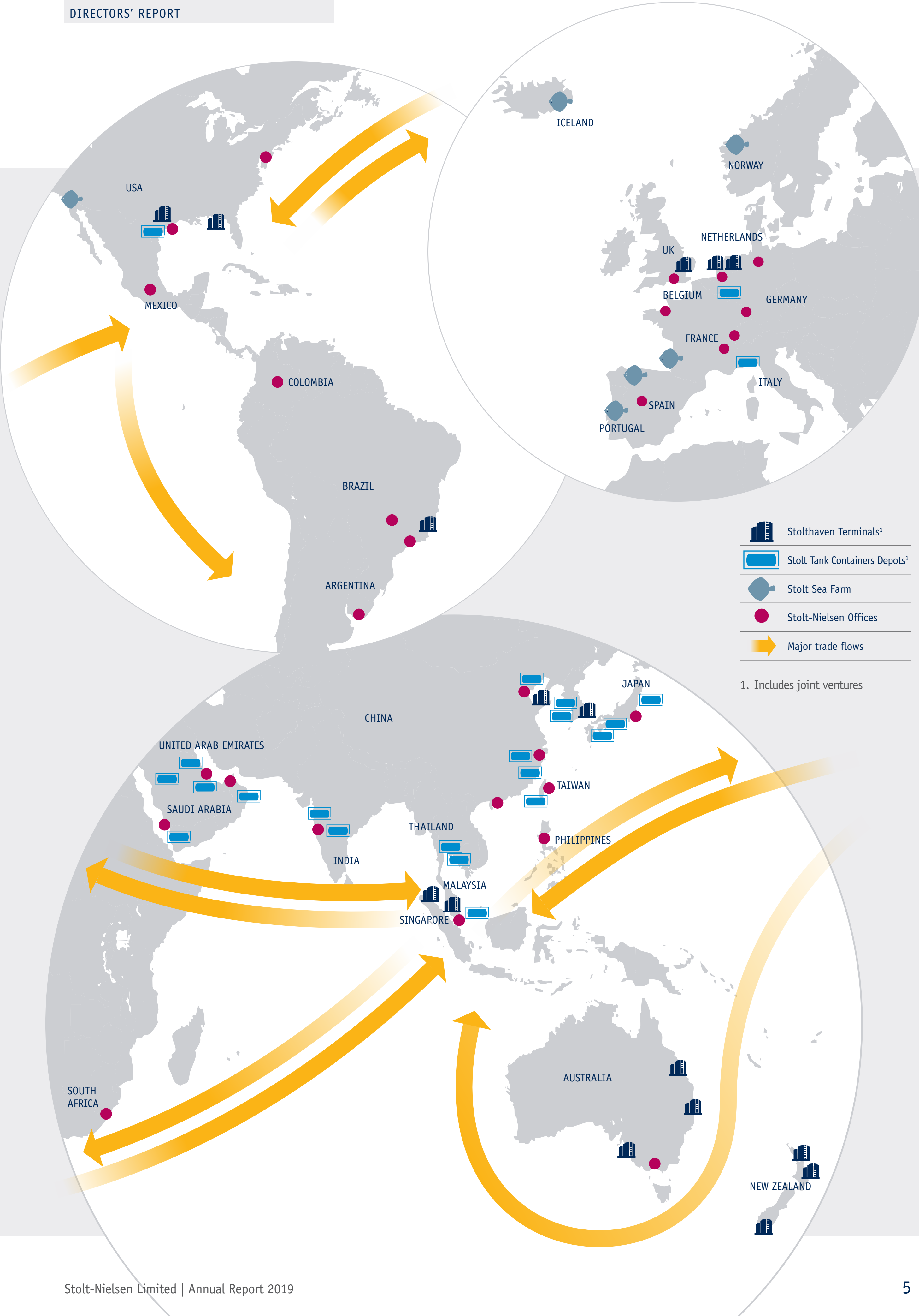
45% ownership of Avenir LNG

2.3% ownership of Golar LNG

6 LNG carriers under construction

See page 16 for more details

1. Includes joint ventures and managed ships
2. Includes joint ventures
3. Includes joint ventures


ICELAND
NORWAY
USA
NETHERLANDS
UK
BELGIUM
GERMANY
MEXICO
FRANCE
COLOMBIA
ITALY
SPAIN
PORTUGAL
BRAZIL
ARGENTINA
Stolthaven Terminals[1]
Stolt Tank Containers Depots[1]
Stolt Sea Farm
Stolt-Nielsen Offices
Major trade flows
1. Includes joint ventures
JAPAN
CHINA
UNITED ARAB EMIRATES
TAIWAN
SAUDI ARABIA
THAILAND
PHILIPPINES
INDIA
MALAYSIA
SINGAPORE
AUSTRALIA
SOUTH AFRICA
NEW ZEALAND

Chief Executive Officer's Review

Building strong foundations for growth

"We cannot achieve success without great people. I would like to thank each one of them for their valuable contribution."

Niels G. Stolt-Nielsen
Chief Executive Officer
Stolt-Nielsen Limited

2019 was another challenging year for Stolt-Nielsen Limited (SNL), primarily caused by an oversupply of chemical tankers and increased competition in the tank container market. The change in trade flows caused by the US-China trade war also negatively impacted results.

With safety being our top priority, the explosion and fire onboard *Stolt Groenland* in September was a stark reminder of how dangerous our business can be. Fortunately, there were no fatalities, and we sincerely regret the injuries suffered. Regardless of the outcome of investigations into the causes of the accident, we remain committed to operating safety.

The Group reported a net profit of $19.1 million, with earnings per share of $0.35, compared with $54.0 million, with earnings per share of $0.89 in 2018. Efforts to manage our capital expenditure resulted in a $46.7 million year-on-year reduction in debt to $2,345.5 million, and a positive free cash flow (cash from operations less interest and capital expenditures) of $114.1 million. Shareholders' equity was $1,377 million at year end, compared with $1,476 million a year ago.

Stolt Tankers' operating revenue fell to $1,147.9 million, down from $1,219.2 million in 2018, with an operating profit of $56.7 million for the year, down from $66.6 million a year ago. Decreases in revenue and joint venture income were partially offset by actions to reduce our deep-sea operating costs. Adjustments made to our bunker-surcharge clauses in our Contracts of Affreightment (COAs) have successfully mitigated increased fuel costs caused by the IMO 2020 fuel regulations.

Stolthaven Terminals' results were in line with expectations. Full-year operating revenue decreased slightly to $250.8 million from $252.0 million in 2018, reflecting the sale of the rail business in the US and the Altona terminal in Australia. Operating profit was $69.0 million, down from $76.4 million, mainly due to a $5.5 million impairment at our terminal in Newcastle, Australia. During the year we added 0.2 million cubic metres of new capacity globally and improved utilisation and margins at our terminals in the Americas.

At Stolt Tank Containers, revenue declined to $528.6 million, from $551.1 million in 2018, with operating profit of $56.1 million, down from $70.9 million, driven by highly competitive markets, a slowdown in overall shipments and an increased proportion of lower-margin intra-regional shipments. Consequently, fleet utilisation slipped to 67.7% from 72.1%.

At Stolt Sea Farm, we expanded our geographical markets for turbot, resulting in record sales of 8,300 tonnes, an increase of 13% compared with last year, and at a higher average price. Full-year revenue rose to $105.6 million, compared with $98.5 million in 2018. Operating profit, however, fell to $0.9 million, down from $13.0 million the previous year, due to a significant negative swing in the fair value accounting for inventory. Excluding the impact of the fair value adjustments, SSF's full-year operating profit was $6.0 million, compared with $7.6 million in 2018.

INVESTING IN GAS

Stolt-Nielsen Gas (SNG) holds our investments in liquefied natural gas (LNG), with 45% ownership in Avenir LNG Ltd and 2.3% in Golar LNG Ltd. Avenir's strategy is to source, ship, store, distribute and sell LNG to small-scale, stranded communities that do not have access to a natural gas grid.

In October 2018 two strategic partners joined SNG as investors in Avenir, Golar LNG Ltd and Höegh LNG Ltd, each taking a 22.5% stake with Stolt-Nielsen retaining 45%. Avenir has four 7,500 and two 20,000 cbm LNG ships on order and is building its first terminal in Sardinia. Read more on page 16.

FINANCING FOR THE FUTURE

During 2019 the Company closed a $242 million Japanese Operating Lease involving eight ships and a $415.6 million floating-rate facility with China Merchants Bank Financial Leasing involving 20 ships. In July 2019, the Company also completed a $200 million US private placement secured by its New Orleans terminal.

These three financings reduced the overall cost of our debt and future refinancing risk by extending our debt maturity profile. With the liquidity raised the Company repaid a $147.6 million Nordic bond in September and $51.3 million loan facility secured against our Australasian terminals. With a new $141.5 million bond issued in February 2020, the Company has secured sufficient liquidity to repay a $160.7 million Nordic bond which matures in April 2020.

DIVIDENDS AND EMPLOYEE INCENTIVE PLANS

Stolt-Nielsen Limited's strategy is to deliver long-term increasing returns to its shareholders. On November 21, 2019, the Board approved an interim dividend of $0.25 per Common Share, payable on December 11, 2019 to shareholders of record as of November 27, 2019. Subsequently, in response to market uncertainties created by the ongoing coronavirus pandemic, and to protect the liquidity of the Company, the Board decided not to make a further dividend payment for 2019. Our goal is to increase dividend levels once the market recovers.

SNL compensates its employees through salaries and both short- and long-term incentive plans comprising cash rewards and benefits. In early 2019, our profit-sharing and performance-incentive plans made payments of $7.9 million. Low profit levels in 2019 significantly reduced the amount available for profit sharing in 2020, therefore, as detailed in our profit-sharing policy, the Compensation Committee agreed to hold back further payment until 2021.

SUSTAINABILITY COMMITMENT

Sustainability is engrained into our strategy, governance and company values. Our stakeholders also expect us to act in a sustainable, transparent and socially responsible way.

We have a long history of doing the right thing and operating sustainably, but we know we must do more to communicate this, so in 2019 we took action to formalise and communicate our sustainability strategy. You can read more on pages 17 to 28.

BUSINESS TRANSFORMATION

While the conditions of the markets in which we operate are beyond our control, the efficiency of our own operations is something that we do control. In 2019, we launched our Going Further programme, focused on reducing costs by improving our processes and driving innovation. We want to increase our competitive advantage by streamlining our processes, identifying and installing new technology and being the best at getting the full benefits from that technology. Our people are central to our success, so we will continue to invest in their training and development.

OUTLOOK

With a declining newbuilding orderbook for chemical tankers, we expect Stolt Tankers to see a favourable supply/demand balance during 2020 and beyond. We saw some recovery towards the end of 2019 resulting in a healthy increase in those COA rates which were renewed in the fourth quarter, however the coronavirus outbreak is likely to affect markets, although it is too early to say exactly what the impact will be. I personally believe that once the panic settles, markets will recover quickly and global trade will continue to grow at a multiplier of global GDP. What makes me even more optimistic about our shipping segment is the medium- to long-term impact that environmental regulatory uncertainties and the decarbonisation drive by IMO and our lenders and investors will have on new ship orders, leading to lower capacity in the market. Who would risk ordering a ship today that may be technologically obsolete in a few years? Looking further ahead at Stolt Tankers, as I have previously stated, we are well prepared for an IPO, but we will only do this when the market conditions are right and earnings have recovered.

At Stolthaven Terminals, the outlook for 2020 is relatively unchanged from 2019. Despite recent market softness and the ongoing effects of the US-China trade dispute, we anticipate improvements in operational efficiencies to strengthen our results. At the same time, we will continue to drive improvements in both safety and sustainability through training programmes and technology. By continuing to focus primarily on the chemical storage market, we see stable growth in line with global GDP.

At Stolt Tank Containers competition and margin pressure will likely continue during 2020 and beyond, due to overcapacity of tanks and increasing competition. To drive growth, we will continue to digitise the business to lower our cost base, and deliver superior value-added services to our customers, while maintaining our focus on sustainability.

Production at Stolt Sea Farm is expected to increase. The first of our two new sole recirculation farms in Spain has now been stocked with juveniles, with the first product expected in early 2021. We are also entering new geographical markets for both turbot and sole, as we introduce consumers to our expanding range of products.

Overall, uncertainty in our markets will continue into 2020, not least because the macro-economic effects of the coronavirus outbreak are currently unknown. I believe that longer-term we are well positioned in each of our segments to ride out the storm and to grow once the uncertainty is removed.

However, we cannot achieve success without great people. We are market leaders because we have the best people in the industry, and I would like to thank each one of them for their valuable contribution.

Niels G. Stolt-Nielsen
Chief Executive Officer
Stolt-Nielsen Limited

MARCH 17, 2020

Business Review

Stolt Tankers

Improving cost management through operational excellence

"Process optimisation is top of our agenda as we accelerate our plans to transform the business. We will focus on cost management and streamlining our operations, while continuing to safely deliver service excellence to our customers."

Lucas Vos
President
Stolt Tankers

Stolt Tankers (ST) is the leading global operator of sophisticated deep-sea and regional chemical tankers. Our customers are both manufacturers and consumers of chemicals and other bulk liquids, and we provide them with reliable, flexible and high-quality transportation services. Our global platform seamlessly integrates our deep-sea fleet with regional fleets across Europe, Asia and the Caribbean, as well as inland barging services in Europe and the US Gulf. Our capability to ship smaller parcels more frequently generates value throughout our customers' supply chains by helping them to reduce working capital and optimise inventory levels.

2019 OVERVIEW

With the US-China trade war, Middle East tensions, oversupply of chemical tankers and reduced market rates, 2019 proved to be another challenging year. Operating profit was $56.7 million, down from $66.6 million in 2018, as lower revenue was partially offset by lower deep-sea operating costs. We prepared for the financial impact of IMO 2020 fuel regulations by working with our customers to ensure a pass-through of higher fuel costs. An increase in spot rates, combined with contractual fuel-surcharge clauses, covered the costs of the shift to more expensive low-sulphur fuel.

Swing tonnage remained problematic for much of the year as we continued to see medium-range (MR) tankers in the chemical market due to lower earnings in the markets they normally serve. This position began to shift during October, as MR rates in petroleum markets more than doubled. Coupled with an improving chemical tanker supply / demand balance and higher fuel costs, this contributed to a rise in spot freight rates.

Stolt Tankers was negatively impacted by some one-offs during the year. In September, an explosion occurred onboard *Stolt Groenland* while she was berthed in Ulsan, South Korea. Investigations as to the cause are ongoing. This incident, as well as extended drydockings and consequent scheduling issues reduced operating days. A terminal fire at ITC's Houston terminal in March resulted in an estimated loss of $5.0 million related to lost time and cargo volume.

To improve our margins, we focused on cost management in crewing, vessel maintenance, port expenses and fuelling. We launched several new and improved processes to actively manage our voyages through route optimisation, scheduling and speed adjustments.

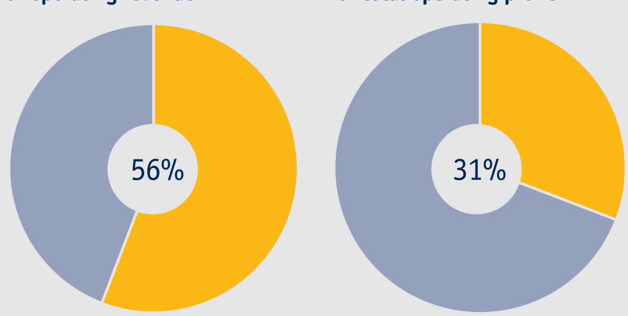
Following the *Groenland* incident we redoubled our focus on safety and our Slashed Zero safety excellence programme – a comprehensive fleetwide training initiative – which began to deliver some performance improvements towards the end of the year.

Performance

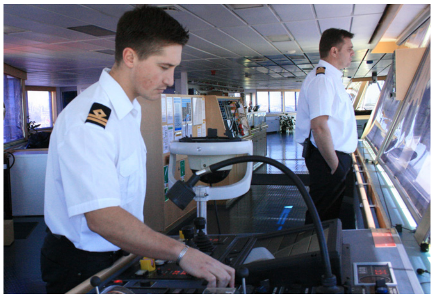
(US $ millions)	2019	2018	2017
Operating Revenue	**1,148**	1,219	1,158
Operating Profit	**57**	67	111

Percentage of group total

of operating revenue — **of total operating profit***



* Excludes Stolt-Nielsen Gas, and Corporate and other $8 million loss



OUTLOOK

With MR markets expected to remain firm, the pressure from swing tonnage on the chemical tanker trade should abate. We anticipate that newbuilding orders will remain low, as chemical tanker operators focus on restoring profitability, with a steadily improving supply/demand balance. Longer term, due to the uncertainty brought on by changing regulations and a tight financing market, we expect fewer newbuilding orders in the foreseeable future. Our contracts of affreightment (COA) include bunker surcharge clauses which mitigated our fuel cost risk and were supplemented by rising spot rates. We believe we are well positioned to translate these rising rates into improved margins. We remain cautiously optimistic on market improvements in 2020, though we note the potential risk posed by the coronavirus outbreak on both operations and demand for our services.

We have launched a number of new programmes that we expect to deliver returns during 2020, including a focus on process optimisation and investments in innovation. We will continue our efforts to build a safety-first and winning culture driven by our people. We will focus on meeting our financial targets by increasing operational efficiency and reducing costs. Finally, we will prepare the organisation for an initial public offering (IPO), which will be executed when market conditions are right.

71 **deep-sea parcel tankers**

84 **coastal and inland tankers**

3m **total deadweight tonnes**

Markets

- Provides the world's leading manufacturers and consumers of chemicals, edible oils, acids and other bulk liquids with safe, reliable, high-quality and flexible transportation services.
- Global deep-sea transportation services, combined with integrated regional capabilities in Europe, Asia Pacific, the Indian Ocean, the Caribbean and the US provide added value and supply-chain efficiencies.

Strategy

Stolt Tankers leverages its industry-leading global scale and assets to provide customers with unrivalled access to key hubs and markets around the world, while working collaboratively with its customers and Stolthaven Terminals to offer value-added solutions that enhance bulk liquid supply-chain efficiency.

Outlook

Through a combination of reduced swing tonnage, a more buoyant spot market and fewer newbuilds, the 2020 supply and demand outlook is favourable. We will continue to improve operational efficiencies and focus on safety through our Slashed Zero programme.

Business Review continued

Stolthaven Terminals

Driving sustainable performance through optimising assets

"We have completed several expansion projects, and we continue to optimise existing assets, aligned with the needs of our customers, while maintaining our focus on improving safety and sustainability."

Guy Bessant
President
Stolthaven Terminals

Through its global network of 16 specialised bulk liquid facilities, Stolthaven Terminals provides 4.9 million cubic metres of quality storage and distribution services for chemicals, clean petroleum products, gas, vegetable oils, biofuels and oleochemicals.

Top of our agenda is to maximise customer value. And with an emphasis on service quality, safety and sustainability across all our facilities, we assure complete peace of mind. By locating our terminals across key international hubs, we stay close to our customers' operations and can quickly adapt to their changing needs.

We also harness synergies within the wider group of Stolt-Nielsen businesses. We work closely with Stolt Tankers at multiple locations to ensure an efficient ship-to-shore interface with the aim of reducing potential demurrage exposure through efficient cargo handling, matching the sophistication of our tankers. In Houston our new jetty also provides layby operations, creating an additional source of revenue. Stolt Tank Containers' depot in Moerdijk is adjacent to our terminal enabling us to reduce logistics costs for customers that choose to use multiple Stolt services.

2019 OVERVIEW

We had a solid year in most markets, despite a weakening global economy due to the ongoing US-China trade war and geopolitical uncertainties around the globe. We continued to focus on several cost management programmes, reducing operating costs and optimising our assets.

In the Americas and other growth markets, we added more capacity and optimised the utilisation of existing assets, aligned with the needs of our customers. We upgraded our facilities in Houston, US; Westport, Malaysia; Ulsan, South Korea; Santos, Brazil; and Dagenham, UK. We also completed expansion projects in South Korea, Malaysia and Brazil, adding a total of 0.2 million cubic metres of new capacity. During the year, we reviewed our asset portfolio and divested the Stolt-Nielsen Rail business in the US, and our Altona terminal in Australia.

During 2019, the US chemical industry saw a contraction of 3% for exports and 3.9% for imports. However, this had a minimal impact on Stolthaven Terminals due to the diverse mix of products that we handle. In Brazil, the market remained stable for petroleum, ethanol and chemicals, resulting in an average utilisation rate of 99% during the year.

In Europe, demand remained stable for chemicals, although we saw a slight slowdown towards the end of the year. There was high demand for some clean petroleum products which allowed for contract extensions and renewals.

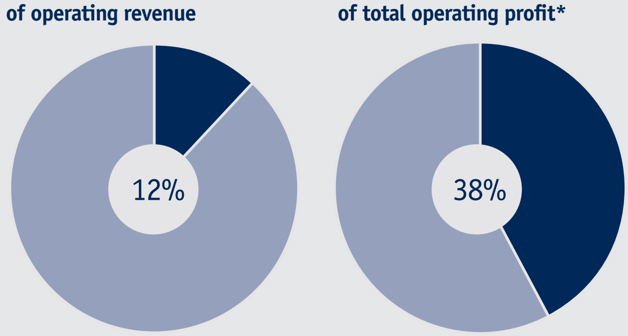
Asian markets were more volatile than in the Americas and Europe as a result of the US-China

Performance

(US $ millions)	2019	2018	2017
Operating Revenue	**251**	252	243
Operating Profit	**69**	76	54

Percentage of group total

of operating revenue | of total operating profit*



* Excludes Stolt-Nielsen Gas, and Corporate and other $8 million loss

trade war and uncertainty over International Maritime Organization (IMO) regulations, cutting allowable sulphur emissions to 0.5% from ships globally from January 1, 2020.

Full-year revenue decreased to $250.8 million from $252.0 million in 2018, reflecting a strengthening of the US dollar, and the loss of revenue from the sale of the rail business and the Altona terminal. At the same time, by divesting these assets we lowered our operational expenses, facilities and drumming costs. Operating profit was $69.0 million, down from $76.4 million, mainly due to an impairment of $5.5 million at our terminal in Newcastle, Australia and $1.5 million in accelerated depreciation costs in New Zealand.

During the year, we focused on ongoing safety and sustainability initiatives globally. They include 'safety days' promoting safety awareness, and establishing dedicated working groups tasked with improving safety, efficiency, employee engagement and working conditions. We upgraded our emission-control equipment to reduce our carbon footprint and improved wastewater treatment efficiency.

OUTLOOK

Despite recent market softness and effects of the US-China trade dispute, we expect our 2020 revenue to be similar to 2019. Our focus on improving operational efficiencies to drive improved asset utilisation, together with minor expansions in the US, Malaysia and New Zealand, are expected to strengthen our results. At the same time, we will drive continuous improvements in safety and sustainability through training programmes, technology and operational efficiencies.

Our position remains primarily focused on the chemical sector, where we expect to see modest, but stable growth. Longer term, we will continue to evaluate the potential impact of the energy transition and the move away from fossil fuels. This offers opportunities, but also brings some regulatory challenges that will potentially add both complexity and cost to the business. To address these, we are exploring new technologies to take the business forward.

With the emergence of new technologies and dynamic industry change, we continue to evaluate and develop the skills of our people, who remain our key asset. In 2019, as part of Stolt-Nielsen's broader business transformation strategy, we launched two people initiatives: a new employee engagement programme and an online ideation platform, through which employees at all levels can contribute their ideas to real operational and safety issues. 2020 will be a signature year in the rollout of these initiatives.

4.9m **cubic metres of storage**[1]

12 **wholly owned terminals**

4 **joint venture terminals**

1. Including joint ventures

Markets

Provides manufacturers, distributors and users of chemicals, clean petroleum products and gas with safe storage and efficient, high-quality handling in key markets worldwide.

Strategy

We continue to focus on customers' needs and drive performance improvements across our global network. Stolthaven will also continue with ongoing cost management programmes focused on operating costs and asset management.

Outlook

We expect to see steady results in 2020, with some expansion in the US, Malaysia and New Zealand, and will continue to focus on optimising our existing assets. We will also continue to build on our safety, sustainability and people agenda which saw the launch of several key initiatives in 2019.

Business Review continued

Stolt Tank Containers

Delivering best-value customer service through global scale

"We continue to deploy artificial intelligence (AI) and digital tools to improve the overall efficiency of the business by lowering costs, and raising both the speed and transparency of information for customers."

Michael W. Kramer
President
Stolt Tank Containers

Stolt Tank Containers (STC) is a leading provider of logistics and transportation services for door-to-door shipments of both bulk-liquid chemicals and food-grade products. Our global fleet is the industry's largest, with more than 40,500 speciality, chemical and food-grade tanks.

Our fleet is supported by STC's global network of 22 depots. This network – unique in the industry – gives us direct control over the handling, cleaning and maintenance of our tanks. This ensures that across the globe, our tanks and cargo-handling operations consistently meet our stringent operating standards for quality, reliability and safety for people and the environment.

Through our global scale, asset base, customer service, and operational efficiencies, we deliver logistics solutions that minimise customers' capital and costs, and help to increase their supply-chain efficiencies. Our online portal gives customers added value, with real-time updates on the status of their shipments through our recently launched track-and-trace functionality.

2019 OVERVIEW

While maintaining our position in more mature markets, we saw positive growth in emerging markets, such as India, South America and the Middle East. 2019 also saw growth in Europe, rebounding from a slower export period. Our Asia, China and North America markets were impacted by ongoing trade disputes, leading to some rerouting of supply chains to other markets. We managed the shifts in trade by increasing marketing and sales activities in other regions. As a result, total shipments were down 1.6%, with chemical shipments down 2.5%, while food-grade shipments grew by 4.6%.

Full-year revenue was $528.6 million, down from $551.1 million in 2018, driven mainly by a slowdown in shipments across most trading routes. Operating profit was $56.1 million, down from $70.9 million, mainly driven by lower transportation margins on an increased proportion of intra-regional shipments.

We successfully reduced the weighted average lease rate on our fleet, saving approximately $2,600 per day. Our fleet size grew by 3.3% as a result of commitments made in 2018. However, fleet utilisation slipped to 67.7% from 72.1%, reflecting the impact of slowing markets.

As part of our digitisation strategy, we delivered the first phase of our improved mySTCtanks.com website. We also made significant progress in furthering electronic communications with both customers and vendors to increase the speed and transparency of information. We continue to deploy artificial intelligence (AI), web-based applications and other technologies to improve the overall efficiency of the business, lower costs and increase our competitive advantage.

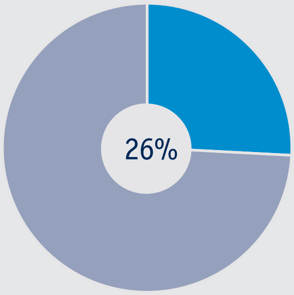
Despite market conditions, we continued to invest for the future and bring benefits to our

Performance

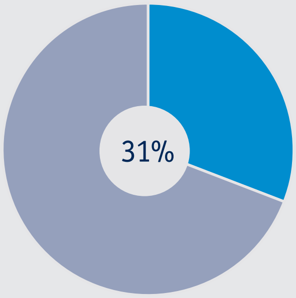
(US $ millions)	2019	2018	2017
Operating Revenue	**529**	551	513
Operating Profit	**56**	71	54

Percentage of group total

of operating revenue



of total operating profit*



* Excludes Stolt-Nielsen Gas, and Corporate and other $8 million loss

global customers. Our global depot network now stands at 22 with the addition of our new facility in Sohar, Oman. Also, in the Middle East, we completed and commissioned depot construction projects in Dammam and Jubail, Saudi Arabia. We also opened a logistics warehouse and storage facility via our joint venture Joint Tank Services in Jebel Ali, Dubai and began construction of new storage facilities in Singapore, and a cleaning and repair facility in Grangemouth, Scotland.

Our safety performance in 2019 improved significantly, with no serious incidents reported. Additional SQAS and ISO certifications were confirmed for both depots and office operations during the year. We also increased our process and sustainability scores for all ISO certifications. Read more on page 18.

OUTLOOK

Despite geopolitical and macroeconomic challenges, the outlook for long-term growth and geographical expansion remains strong, particularly in Central and South America, and on the African continent.

Moving into 2020, we remain optimistic about the potential for growth in the market as we expand in both existing markets and geographically. However, we expect continued pricing and margin pressure due to overcapacity of tanks, rising fuel costs and an increasingly competitive market.

For the coming year, STC's strategy remains unchanged. We will continue to focus on delivering superior customer service at the lowest cost through our global network, while increasing our sustainability focus. We will continue to digitise the business to lower costs and deliver added value to our customers.

40,500 tank containers in the fleet

130,000 shipments

22 depots and hubs

Markets

STC operates in all major markets, serving manufacturers, traders and consumers of chemicals and food-grade liquids, who demand reliable, safe and high-quality logistics services delivered efficiently and cost-effectively.

Strategy

We aim to strengthen STC's competitive advantage by further digitising the business and providing value-added services in all markets, while continuing to expand into new territories.

Outlook

The outlook for long-term fundamental growth and geographical expansion remains strong, and we will continue expanding our depot network in those markets where there is potential for shipment growth. Through our digitisation strategy we will maximise our operational and sustainability performance, while bringing transparency and efficiency advantages to our customers.

Business Review continued

Stolt Sea Farm

Steering a path to sustainable growth

"We expect production to increase as our new farms in Spain and Portugal come online, strengthening our results."

Jordi Trias
President
Stolt Sea Farm

Stolt Sea Farm (SSF) is a pioneer in the aquaculture of sustainably produced premium species, with a mission to ensure that future generations continue to enjoy wonderful seafood. We are committed to the long term, focusing our research and expertise on the land-based aquaculture of turbot, sole and caviar from white sturgeon. We build valued, reliable relationships, working with care and respect for our fish, the environment, people and local communities.

Our difficult-to-farm species are regularly served at high-end restaurants, where our premium large-size brands are often featured to attract customers. We also supply our products to supermarkets and the hospitality sector via wholesalers. Thanks to decades of innovation and research and development, SSF is today the only aquaculture company capable of consistently producing turbot and sole of the highest quality in commercial volumes.

We operate 15 farms in total. Seven in Spain and one each in Iceland, France, Portugal and Norway produce Prodemar™ brand turbot and sole. Our four farms in the US produce sturgeon and Sterling Caviar™. In total, we have an annual production capacity of 5,700 tonnes of turbot, 850 tonnes of sole, 500 tonnes of sturgeon and 10 tonnes of caviar.

2019 OVERVIEW

In 2019, we saw similar trends to the previous year, with stable sales figures and increasing average prices. Full-year revenue was $105.6 million, compared to $98.5 million in 2018. Operating profit was $0.9 million, down from $13.0 million the previous year, due to the significant negative swing in the fair value accounting for inventory. Turbot volumes sold increased by 13%, a record for SSF, at an average price slightly higher than in 2018. We now export 60% of our production outside of Spain to more than 30 countries.

In 2019, we reached a notable milestone in the French market by securing a value-added range of products for several major retailers. Our ready-to-cook turbot is key to diversifying both our product range and geographical reach, as well as attracting new customers.

Caviar sales almost tripled in volume, from 5.4 tonnes to 14 tonnes, after a challenging year in 2018. This was as a result of price adjustments and a new sales strategy focused on selling primarily to wholesalers. However, there remains considerable price pressure from producers in China.

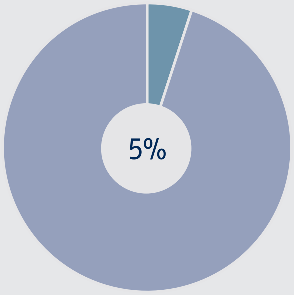
Other 2019 highlights included the commencement of operations at our new turbot nursery in Cervo, Spain, a key investment in our growth and fish health strategies.

Performance

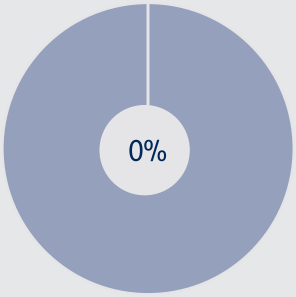
(US $ millions)	**2019**	2018	2017
Operating Revenue	**106**	98	73
Operating Profit	**1**	13	4

Percentage of group total

of operating revenue



of total operating profit*



* Excludes Stolt-Nielsen Gas, and Corporate and other $8 million loss

OUTLOOK

2020 is expected to be a year of increased production for SSF. The first of our two new recirculation farms, located in Spain, is now stocked with juveniles, with the first product expected in early 2021. We plan to start operations at our second farm in Portugal towards the middle of the year. The construction of a new sole packing plant in Spain will begin in 2020 and is expected to be operational in 2021. We expect the operational improvements we made at our Hafnir site in Iceland during 2019 to take effect during 2020.

In 2019, we defined our sustainability strategy for the next three years, focused on three main areas: responsible farming, respect for people, communities and the environment, and traceability of fish and feed. 2020 will be a key year for its implementation.

We will continue to improve our processes and drive innovation through the analysis of our digital data. We are also rolling out an optimisation project to identify automation and efficiency opportunities across production, purchasing, sales, and other key areas.

15 environmentally friendly land-based farms in six countries

5,700 tonnes production capacity of turbot

850 tonnes production capacity of sole

Markets

Our markets are the distributors and consumers of premium fish species including turbot, sole and caviar. We are the global pioneers and innovators in land-based aquaculture of premium species that people trust and love to eat.

Strategy

Our core business is land-based aquaculture for the production of turbot, sole and caviar from white sturgeon. We retain our innovative focus through technology-enabled research and development, and build valued, reliable relationships, working with care and respect for our fish, the environment, people and local communities.

Outlook

To support our strategy for growth in turbot and sole we will increase our capacity with the launch of new recirculation farms in Spain and Portugal. We will also start construction of a new highly automated sole packing plant. We will continue to improve our business processes through digital innovation and the rollout of our three-year sustainability strategy.

Business Review continued

Stolt-Nielsen Gas

Investing in new opportunities

Stolt-Nielsen Gas (SNG) is an investment arm of Stolt-Nielsen Limited, focusing on the liquefied natural gas (LNG) segment, with holdings in Avenir LNG Limited (Avenir) and Golar LNG Ltd.

With the recent implementation of International Maritime Organization (IMO) 2020 regulations that reduced the sulphur emissions cap on marine vessels to 0.5%, along with growing pressure for increased environmental responsibility, demand for LNG – the cleanest burning fossil fuel – is increasing. Over recent years, Stolt-Nielsen has made increasing investments in LNG. We see significant opportunities to be realised through our strategy of applying our expertise in shipping, storage and distribution to the gas segment.

In October 2018, a $182.0 million investment partnership in Avenir, was announced by Stolt-Nielsen Gas (50%), Golar LNG (25%) and Höegh LNG Holdings (25%). Following a subsequent 10% placement on the Norwegian OTC market (N-OTC: Avenir), SNG retains a 45% share of Avenir.

Avenir sources, ships, stores and distributes LNG to off-grid customers with no or limited access to natural gas – what is known as 'stranded demand'. Avenir supplies LNG to most of its customers in liquid form and also provides customer-based storage and regasification facilities where required.

Through Higas S.r.l, in which Avenir has an 80% stake, construction of an LNG terminal in the port of Oristano, Sardinia, Italy has begun. Avenir will source and ship LNG to the terminal, then distribute it to customers via pipelines and trucks. The terminal is due for completion in August 2020.

To support the terminal and future downstream opportunities, Avenir is building six small-scale LNG carriers (LNGCs) that will be delivered during 2020 and 2021. Keppel Marine, will deliver two 7,500 cubic metre (cbm) LNGCs, the first by mid-2020, from their yards in Nantong, China. In 2021, Sinopacific Offshore & Engineering (SOE) will deliver two 7,500 cbm LNGCs, and two 20,000 cbm LNGCs from their yards, also in Nantong. Each of the ships is designed to perform safe ship-to-ship bunkering.

In October 2019, together with MISC Berhard, Avenir signed a term charter with Malaysia's national oil company, PETRONAS. Avenir's first 7,500 cbm LNGC will be based in Malaysia, enabling Petronas to provide bunkering to LNG-fueled vessels, plus transport services for small-scale terminals in the region. In November, Avenir announced a term charter with Golar Power to deliver LNG using the second 7,500 cbm LNGC to various ports in Brazil, as well as providing ship-to-ship bunkering.

Over the longer term, Avenir plans to develop new markets through small-scale LNG import solutions, invest in additional tonnage where necessary and expand its network of strategic bunkering locations.

Stolt-Nielsen Gas reported an operating loss of $4.1 million for 2019. The losses were mainly attributable to costs related to the continued development of various small-scale LNG projects.

Avenir's results are reported as a joint venture, and the share of losses attributable to SNG are recorded on the Income Statement. Changes in the share price of the Golar investment are reported as Other Comprehensive Income.

During the fourth quarter of 2019, Stolt-Nielsen sold its investment in Avance Gas Holdings Ltd for $25.9 million. The $10.8 million gain on the sale was recorded to retained earnings.

SNG also owns a 2.3% stake in Golar LNG, one of the world's largest independent owners and operators of marine-based midstream infrastructure in liquefaction, transportation and regasification.

Performance

(US $ millions)	**2019**	2018	2017
Operating Revenue	**–**	–	–
Operating Profit	**(4)**	(11)	(14)

45% **ownership of Avenir LNG**

2.3% **ownership of Golar LNG**

6 **LNG carriers under construction**

Corporate Responsibility

Growing sustainably

Our commitment to sustainability lies at the heart of our operations – from our health, safety and environmental performance, to our asset management, investment decisions and the way we recruit and develop our people.

Corporate Responsibility continued

We recognise that our customers, suppliers, investors, employees and local communities are crucial to our long-term success. We maintain ongoing communications with them, through announcements, reports, publications and face-to-face discussions.

Our active membership of trade associations and industry groups, keeps us informed with the most current industry developments. These include the International Chamber of Shipping, INTERTANKO, ITOPF, Koninklijke BLNSchuttevaer, HiLo, the Ship Recycling Transparency Initiative, International Liquid Terminals Association, Tank Storage Association, Bulk Liquids Industry Association Inc, American Fuel & Petrochemical Manufacturers, Singapore Chemical Industry Council, the International Tank Container Organization, the European Petrochemical Association and the Norwegian Seafood Council. By continuously updating our best-practice methodologies, we bring maximum value to our stakeholders and returns to our investors.

The UN Sustainable Development Goals (SDGs) provide a framework for governments, businesses and individuals to work to create a better future for both people and the planet. We have identified three SDGs where Stolt-Nielsen can help.

SETTING THE STANDARD

Several external organisations assess our sustainability progress across the Group. During the year, EcoVadis awarded a silver CSR rating to both Stolt Tankers and Stolt Tank Containers. The assessment is based on indicators including safety and environmental performance, vendor ratings and labour practices. More recently, Stolthaven's Moerdijk Terminal achieved 94% in its Together for Sustainability (TfS) audit, an initiative created by chemical companies with the goal of assessing, auditing and improving the sustainability practices within their global supply chains. We plan to include more of our terminals in this initiative in the coming year.

During 2019, 86 Stolt Tankers ships which called at US ports, received the CSA Certificate of Environmental Achievement. Stolt Tankers also received the Environmental Green Flag from the Port of Long Beach as part of its Port Vessel speed reduction.

Stolthaven Terminals complies with regulatory requirements across all its operations. Our fully owned terminals at Dagenham, UK and Moerdijk, the Netherlands, meet the requirements of the EU Seveso III Directive. Our Singapore, Australia and New Zealand sites meet similar standards based on the principles of the Directive. In 2018, Stolthaven became the first storage terminal in Singapore to successfully conclude its Safety Case Assessment Conclusion with Singapore's Major Hazard Department.

During the year, Stolt Tank Containers maintained its compliance with various regulations, codes and guidelines, including VGM (Verified Gross Mass), IMDG (International Maritime Dangerous Goods), ADR (European Agreement Concerning the International Carriage of Dangerous Goods by Road), 49CFR (US Dangerous Goods Carriage), CT-Pat and AEO (Authorised Economic Operator).

It also continued its ongoing programme to ensure compliance with several internationally recognised standards including ISO 9001 (Quality Management) and ISO 22000 (Food Safety Management). STC is also regularly audited by third parties and customers for compliance to standards including CDI-MPC (Chemical Distribution Institute-Marine Packed Cargo) and SQAS (Safety & Quality Assessment System). In 2019 we also increased our CDI score at several of our locations.

Certification is important for Stolt Sea Farm, as it demonstrates its sound practices in critical areas such as food safety and sustainable fish growth. During 2019 it was re-accredited to ISO 9001 (Quality Management), ISO 14001 (Environmental Management) and GLOBALG.A.P. which governs not only food safety but also good aquaculture practices. Accreditation by Friends of the Sea was also renewed.

Also focusing on food safety, at our packing line at Lira, Spain, we revalidated our certification to the IFS International Food Standard, and demonstrated our sustainable practices in aquaculture, with BAP (Best Aquaculture Practices) certification.

Stolt Sea Farm

During the year Stolt Sea Farm developed an integrated five-year sustainability strategy that will guide its focus in the medium to long term. The strategy identified six key focus areas that it can contribute to and which have particular relevance for Stolt Sea Farm's stakeholders.

These include:

- employee engagement and retention
- food safety and consumer health
- animal rights and welfare
- impact on local communities
- environmental impacts
- traceability and sustainability of feed ingredients.

In addition to supporting the three UNSDGs identified at a group level SSF believes that it is making a valuable contribution to good health and wellbeing. During 2020, the team will develop a comprehensive action plan and targets for each focus area that will include a monitoring and assessment framework so that progress can be measured.

Putting safety first

Our first priority is zero harm for people and the environment. Our safety processes are robust, integrating incident management and measurement with training, and underpinned by sound governance.

Our ongoing safety awareness programmes are based around a broad, top-down safety awareness culture from executive level and throughout the organisation. We provide specialist training programmes to achieve Stolt-Nielsen's zero harm commitment and comply with statutory requirements wherever we operate.

At a Group level, safety KPIs are reported to our management team quarterly. They focus upon ensuring that:

- We meet or exceed the latest industry standards.
- We track and deliver our training as scheduled.
- We monitor and report our compliance with established procedures.
- The number of incidents and near misses are measured.

Each of our people plays an important role in maintaining a safe working environment. We aim for a safety culture that goes beyond compliance. Across our logistics businesses we are focused on the responsible and safe transportation and storage of our customers' products, and we operate our aquaculture business with the same emphasis on safety.

Our Stop Work Authority Programme

We expect everyone working for Stolt-Nielsen to intervene and stop work that appears unsafe. To support this, in 2014 we introduced our 'Stop Work Authority' programme. As part of their induction, both onshore and seafaring staff receive training on when to use this authority. We also issue them with a card detailing the programme. The card is available in 18 local languages and gives employees the authority and obligation to stop work if they have any concerns or questions.

INCIDENT MANAGEMENT

We take a dual approach to the prevention of incidents – identifying and assessing risks that have the potential to become an incident, then taking definitive steps to mitigate or eliminate them.

We drive safety improvements by investigating any incidents and learning from them. We aim to reduce our incident rates by empowering employees to be proactive in health and safety matters and by sharing lessons from any near misses.

One initiative at Stolthaven Terminals to improve safety communications and learnings from incidents and near misses has yielded positive results – an in-depth, hands-on awareness of safety issues across every level of the workforce. and a company-wide reporting culture.

SPECIALIST TRAINING

We prepare for, and are ready to respond to, any incidents that do occur. In addition to our in-house training programmes, we routinely undertake large-scale exercises, in partnership with local authorities and response organisations, to practice and improve our response capability. In this way, we create a culture of risk awareness and incident prevention.

At Stolt Tankers, we have continued our efforts to minimise the behavioural risks involved in our operations through our Slashed Zero programme of events. The programme also focuses on reducing the number of personal injuries across our fleet. The valuable lessons learnt at these events resulted in a reduction of personal injury rates towards the end of 2019.

Every employee and contractor at Stolthaven Terminals is expected to meet specified safety standards and requirements, including local safety rules. They receive both classroom and 'on the job' training during daily operations. Training for employees and instructions for contractors are regularly discussed at management meetings, safety days and during leadership training programmes.

At Stolt Tank Containers (STC), every depot employee in the Technical Service Department (TSD) receives monthly training in dangerous goods handling, risk prevention and working in confined spaces. This has contributed to a significant reduction in STC's Lost Time Incident Frequency (LTIF) to 0.64 for the year (2018 1.26). STC's Total Recordable Case Frequency (TRCF) rate was also lower than the previous year and no serious incidents were recorded.

In 2018, STC implemented its Global Safety Management System (GSMS), through which mandatory safety training for specific job roles and responsibilities can be planned and completion rates recorded. During 2019, 94% of mandatory safety trainings were completed. The GSMS also tracks additional, individual training as part of an employee's personal career development, and STC has consolidated local procedures, guidance and forms for depots into one global standard within the system. It enables safety trends to be analysed across the division and training needs to be identified.

At Stolt Sea Farm (SSF), all new employees receive occupational health and safety plus workplace risk training, including hazard identification and accident prevention. This continues on an ongoing basis – both face-to-face and through the use of online tools. Machinery operators also receive additional training including how to mitigate specific risks.

INCREASING AWARENESS

To increase awareness and raise standards, Stolt Tankers holds an annual Ship of the Year competition. Ships are assessed on a range of performance criteria covering safety, port state and customer inspections, audit results, off-hire, claims and cost-efficiency. More information is available at: www.stolt-nielsen.com/en/our-businesses/stolt-tankers/ship-of-the-year/

During 2019, Stolthaven Terminals held a series of safety days covering all levels and job functions. These events focused on improving safety awareness and responsibility towards colleagues, encouraging people to view safety as the most important aspect of their daily duties and highlighting any issues specific to individual terminals.

Corporate Responsibility continued

Following employee engagement surveys in 2018 and 2019 to better understand safety attitudes, Stolthaven established several working groups. Resulting changes included erecting shelters in work areas where operators can cool down and perform administrative tasks during hot days, and enhanced shift scheduling which improves the work-life balance of operators.

MITIGATING RISK THROUGH PROCESS SAFETY

It is critical that our assets are well designed, safely operated and properly maintained to prevent accidents or leaks of hazardous materials. Our structured processes ensure we manage our asset integrity and prevent leaks, spills and any other technical failures or breakdowns.

Process safety starts at the early design phase of building assets and continues throughout their lifecycle. It ensures they operate safely, are well-maintained and inspected regularly to identify and deal with any potential process safety hazards.

We have implemented technology to reduce the time our operators spend in potentially hazardous situations. One example of this is the new automated heating bays at our Stolt Tank Containers depots in Houston, US, Moerdijk, the Netherlands and Zhangjiagang, China. These systems enable our technicians to focus on the safe management of the overall heating process and reduces their direct exposure to potential risks.

HEALTH AND SAFETY PERFORMANCE

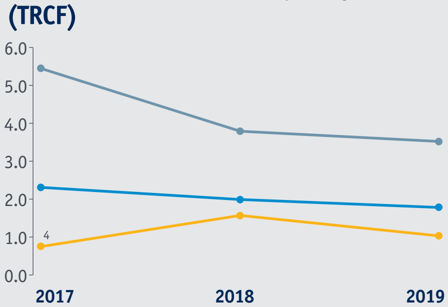
Total Recordable Case Frequency (TRCF) decreased across our logistics businesses during 2019. Lost Time Injury Frequency (LTIF) also decreased significantly at Stolt Tank Containers, and Stolthaven Terminals. However, at Stolt Tankers we were disappointed to see an increase in our LTIF to 0.74 (2018: 0.49). To reverse this trend, we redoubled our training and awareness efforts, and saw measurable improvements towards the end of the year.

We believe that our continued commitment and focus will ensure we meet our long-term ambition of zero harm. The number of serious incidents in 2019 was two (2018: one) and the last fatality in our business occurred in 2018.

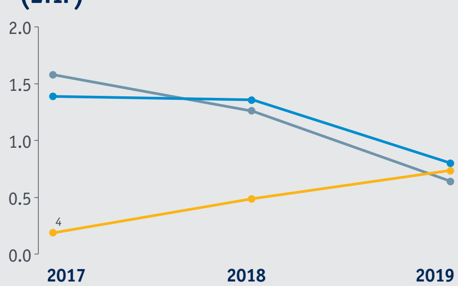
Despite efforts to reduce our safety and environmental risks, regrettably in September 2019 *Stolt Groenland* suffered an explosion and fire whilst berthed at Yeompo Quay, South Korea. This resulted in injuries to several workers in the vessel's vicinity and a temporary closure of one of the bridges near the port area. All 25 of *Stolt Groenland's* crew were safely evacuated from the ship, with one minor injury sustained by one of our seafarers. There was no leakage of fuel or cargo and a subsequent dive survey confirmed that the hull of the vessel remained intact.

The exact cause of the incident is as yet unknown and investigations are ongoing. We will review the findings and use them as a learning opportunity – not only to improve the safety of our own operations, but to contribute to the improvement of safety practices across the wider industry.

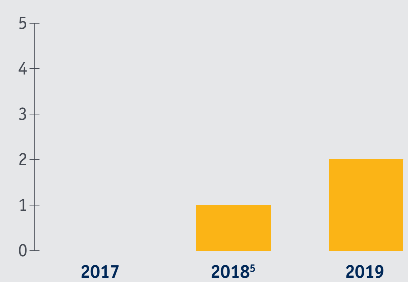
Total Recordable Case Frequency (TRCF)



Lost Time Injury Frequency (LTIF)



Serious incidents



Stolt Tankers[1] Stolthaven Terminals[2,3] Stolt Tank Containers[2]

1. Per 1,000,000 hrs exposure 2. Per 200,000 hrs exposure 3. Includes joint ventures 4. Restated to include barging
5. Restated due to actual costs incurred

Care for the environment

The changing global climate presents challenges to our business, but equally opportunities. Rising water levels and extreme weather events resulting from climate change have the potential to impact our terminals, ships and depots. Clean air legislation continues to emerge as a key global concern. International Maritime Organization (IMO) regulations, reducing allowable sulphur emissions to 0.5%, have impacted businesses like ours across the supply chain. Stolt-Nielsen has a proactive response to these environmental challenges.

SOUND ENVIRONMENTAL GOVERNANCE

Our policies, processes and systems ensure the highest standards of environmental protection across our assets. As regulations continue to intensify we continuously review our policies to ensure these are being met across the Group.

We regularly review our business contingency plans at each of our sites to ensure that they are robust. At facilities located in areas at risk of extreme weather including hurricanes and flooding, we have processes in place to secure our assets so that we can safely and quickly return to 'business as usual'. Our assets are fully equipped to deal with contamination, spills, leaks, fires or explosions.

We regularly review and test our emergency response plans through safety drills, partnering with local incident response services and regulatory agencies. Drills involve the safe evacuation of our workforce, visitors and all other parties from our ships, terminals, depots, farms and offices.

CLEAN AIR FOR ALL

Pollution from industry is a key factor in global air quality and governments continue to set tighter limits on emissions. This, together with heightened public awareness, means that the journey towards pollution-free transport and storage is inevitable. We can achieve a lower carbon impact via three main routes: making our operations more energy efficient, generating or purchasing low-carbon fuels and clean energy sources, and reducing the emission of organic compounds from the products we handle.

Emissions from our operational activities are typically governed by local or international law. The shipping industry has seen ever-tightening legislation in recent years, and Stolt Tankers has developed a multi-pronged approach to meet IMO 2020. We have installed hybrid scrubbers on four newbuildings to evaluate the long-term viability of the technology and the bulk of the fleet has moved to VLSFO (very low sulphur fuel oil). As of 1st January 2020, our fleet is IMO 2020 compliant.

Stolt Tankers will continue to explore ways to reduce its carbon intensity, including innovations in fuel efficiency for newbuildings, regular hull and propeller cleaning and operational measures such as navigation efficiencies achieved through careful weather routing and active voyage management. We expect to see further restrictions in the industry over the coming years. IMO has already stated its goal to reduce CO_2 emissions further by 2030 and has targeted a 50% reduction in greenhouse gas emissions for the industry by 2050.

During 2019, Stolthaven Terminals upgraded its emission-control equipment at several sites to reduce emissions both from products and utilities. It also considers the environmental impact when designing new assets. The newly constructed Jetty 11 in Houston, US provides an extra berth for cargo loading, discharge and preparations as well as waste disposal which reduces waiting times and in-port shifting, resulting in a reduction of emissions.

Stolt Tank Container's global network of depots harness new technology and innovative thinking to enhance sustainability. Since 2018, we have reduced our annual CO_2 emissions by 115 tonnes at our Houston depot, and at Singapore by 163 tonnes. In 2020 we plan to work with our transport suppliers to improve how we track and measure our emissions with a view to reducing our impact.

Stolt Tankers

0.5%	Energy Efficiency Operational Indicator (EEOI) reduction
104	oceangoing ships managed for a total of 37,960 operating days
2,698	tonnes of fuel saved through improved weather routing
Silver	EcoVadis Rating

Corporate Responsibility continued

WATER CONSERVATION

Water quality and conservation is crucial for our logistics operations, including tank cleaning, cooling and heating and cleaning of product lines. Quality water is also critical for our aquaculture business. Stolt Sea Farm selects locations for its farms to ensure the highest-quality water is available and invests significantly to improve this. Our farms are designed and managed so that water in the outflow is as clean as at intake.

Protection of the marine environment is key to the sustainability of our business. We are acting responsibly towards Ballast Water Convention D-2 requirements which dictate the maximum levels of viable organisms allowed to be discharged into the sea, including specified microbes harmful to human health. We are installing the most efficient ballast water treatment plants available across the fleet with the goal of covering 100% by 2024. During 2019, we also began a ship-specific biofouling management plan, which aims to reduce the transfer of invasive species through our ships to zero.

Our terminals in Houston and New Orleans, US offer state-of-the-art wastewater treatment facilities, efficiently serving the needs of both the terminals and customers. We recently modernised our facilities, greatly improving treatment efficiency and leading to less residual waste going to landfill.

At terminals and depots, we reduce overall water usage by recirculating the condensate from steam-heating. The process we use requires a smaller footprint than conventional plants and lower infrastructure investment.

ENERGY CONSUMPTION

In 2019 we reduced electricity consumption and maintenance costs at several depots and terminals by replacing metal halide lamps with LEDs (light emitting diodes). This also improved safety through increased illumination. LEDs have extended our lamp life from 6,000 hours to around 50,000. We are currently installing LEDs at our Zhangjiagang depot.

Variable Frequency Drives (VFDs) regulate and save energy consumption on pumps and mechanical devices. VFDs have been retrofitted extensively across the Stolt Tankers fleet. At our terminals, VFDs comprise most of our new mechanical investments and we are upgrading much of our existing stock.

Our Stolthaven Singapore site has installed 500 solar panels which provide 140 MWh (megawatt hours) per annum of electricity. We are making further investments at our terminals to reduce our energy consumption for steam production. By installing condensate recovery systems and economisers on our boilers, we have reduced energy consumption by 8 to 10%. We are also upgrading the insulation of our pipes and tanks. Similarly, at many of our STC depots we have reduced energy use by recovering condensate from the steam-heating processes to pre-warm cold water for cleaning.

Energy efficiency is essential for Stolt Sea Farm where electricity requirements are relatively high, driven by operations that rely on pumping water from the sea. We focus on maintaining pumps at an optimal level and improving efficiency through new technology to ensure that we can improve efficiency. We currently have a project underway at our farm in Cervo, Spain to install solar panels that will generate 5% of the farm's total energy consumption.

Stolthaven Terminals

278 tonnes reduction in CO_2 emissions since 2018 from the installation of LED lighting

500 solar panels installed at Stolthaven Singapore

WASTE MANAGEMENT

In 2019, we began to assess our waste generation, including single-use plastics. Onboard our ships we plan to improve our water supply and replace all packaged water by the end of 2020.

When it comes to ship recycling, Stolt Tankers and its preferred recycling yards operate in accordance with the International Maritime Organization's (IMO's) 2009 Hong Kong Convention for the Safe and Environmentally Sound Recycling of Ships. All ships delivered for recycling hold an inventory of hazardous materials, certified by accredited auditing body DNV GL, and verifying that the vessel has been properly prepared. Stolt Tankers is certified to international environment and quality standards, ISO 14001 and ISO 9001 respectively – and during recycling it maintains one to three surveyors onsite at the yard, to monitor the process first-hand from start to finish. No ships were sent for recycling during 2019.

Stolt Tankers is a founding member of the SRTI (www.shiprecyclingtransparency.org), a 'one-stop-shop' for publishing information on ship recycling against a set of predefined disclosure criteria. This online platform has been jointly developed by key industry stakeholders to encourage shipowners to share their ship recycling policies. It offers stakeholders access to information on different companies' approaches to ship recycling, enabling them to make informed decisions when choosing their shipping partners.

Stolt Tank Containers' rigorous maintenance and repair processes ensure its tank containers are used multiple times over many years. Once they reach the end of their lifecycle and are removed from the fleet, more than 90% of the materials are recycled. Tank containers are a far more sustainable alternative to flexi-bags which are discarded after each shipment, adding considerably to the global single-use plastics burden. It is estimated that on average each flexi-bag adds the equivalent of 7,000 single-use plastic carrier bags to landfill.

Stolt Tank Containers

>90%	of tank materials recycled at end of life
7,000	plastic carrier bags per shipment prevented from going to landfill, compared to single-use flexi-bags
Silver	EcoVadis Rating

Our people

The business environment in which we operate is constantly changing at an increasing speed. To remain industry leaders we understand that we must also change. This year we began our business transformation programme that will harness the talents of our people to ensure we achieve our strategic goals. With a focus on technology, innovation and process and asset optimisation, our 'Going Further' programme is central to the long-term success of our business.

To support Going Further, we developed and communicated our core values of Commit to go Further, Collaborate for Success, Act Pragmatically and Create Solutions. Together, we call these 'The Stolt Way' – which reflects the principles we have committed to since the Company began. Our values, together with our Code of Business Conduct, shape the way we do business. We continue to embed these values into our strategy, business processes and decision-making.

A GREAT PLACE TO WORK

In a world where population growth is putting increased pressure on resources, we have an exciting story to tell as an employer. Stolt-Nielsen plays an essential part in the global supply chain, meaning our employees are making a real difference – safely getting products to where they are needed and when.

We give our people the responsibility and authority to make decisions within their role. In return for their commitment to Going Further, focusing on innovation and sharing ideas, we offer competitive rewards and company-wide development opportunities. Our proactive development programmes are based around identifying and nurturing future leaders as part of our robust succession planning strategy.

We pride ourselves on being a truly international company that offers a wealth of opportunities for career development. Those new to Stolt are often pleasantly surprised by how accessible our senior people are. And for those starting out in their career, this collaborative approach means that they can contribute ideas, gain hands-on experience and are given responsibility right from the start.

With one of the longest-serving workforces in our industry, both onshore and at sea (2019 average tenure 9.4 years) we are proud to report that our loyalty to our people creates the same loyalty from them in return. During 2019, our voluntary staff turnover remained low at 3.7% (2018: 3.7%[1]), well below the industry average.

SUPPORTING OUR WIDER BUSINESS GOALS

During 2019, we identified the Group's key business challenges and opportunities. These include but are not limited to: exploring new technologies, navigating market dynamics and streamlining our business processes. In addition, there are several areas which are key to our success such as reducing costs, improving efficiencies and our ability to be agile.

From these findings we developed our Workforce Vision 2021 – a three-year people strategy comprising five defined drivers, each aligned with the needs of the business.

1. Restated to include Stolt Sea Farm

COMMIT TO GO FURTHER

We always look to do better and achieve more

COLLABORATE FOR SUCCESS

Working together we are stronger

ACT PRAGMATICALLY

We are clear and straightforward in everything we do

CREATE SOLUTIONS

We find new ideas and make them work

WORKFORCE VISION 2021 STATEMENT

We continuously reinvent ourselves to retain industry leadership in an ever-changing business environment. We are customer-focused and provide best-in-class customer value by leveraging our experience, assets and technology for continuous improvement. We ensure Stolt-Nielsen's success by leading through purpose-driven and meaningful work, fostered by entrepreneurship, innovation and efficiency. Our culture and execution strength lies in our empowered teams and inspiring leaders who enable people to perform at their best.

Inspirational leadership

The Company's ambitious vision for transformation will take strong business leaders. People who can lead the business into the future, whilst continuing to deliver today.

Our leadership development programme, which we launched in January 2020, will take 18 months to roll out and represents our ambition to build a strong leadership pipeline across Stolt-Nielsen. The programme will equip our managers with the people and change-management skills to navigate their teams through the transformation of our business and beyond. This in turn will help drive our business performance and growth in line with our business transformation.

Recruitment and onboarding

In the shorter term, there remains an ongoing demand for hiring to meet immediate business requirements, but at the same time to understand our future workforce requirements, identify and fill gaps in capabilities and anticipate how key roles may shift over time. This forward-thinking strategy for attracting, hiring and onboarding our talent of the future means adopting a solid global recruitment and onboarding process.

As part of our Workforce Vision 2021 we are establishing a global strategy for communications and recruitment. Anticipating our future growth, we will focus on attracting fresh, innovative talent into the organisation with the right skills to fill our future requirements, while retaining, developing and empowering our existing people. To achieve this, our aim by 2023 is to achieve a ratio of 70% of positions filled internally and 30% externally.

Talent management

The complex nature of Stolt-Nielsen's business operations requires the development of a diverse workforce with defined sets of skills and competencies to meet a broad range of job functions. This is reflected in our comprehensive global performance management system. Our performance management process is designed to meet the diverse needs of the business. But, just as importantly, we must maintain a consistent and fair platform to further develop positive traits and competencies, while addressing areas for improvement within a transparent two-way process.

Our performance management process is designed to give employees the opportunity to continuously improve, while also supporting our wider business goals. Our values guide the behaviours we want to see in our people. They are linked to the attributes we use in our performance management process to ensure that we are rewarding and recognising our role models. In 2019, 100% of eligible employees completed the process with their manager. We will enhance this process so that we can continue to identify talent and support our succession planning through it, while continuing to embed our values across all our people processes during 2020.

Learning and development

We take a structured and global approach to learning and development. Through strong leadership, we create a supportive culture and environment that stimulates creativity, curiosity and continual improvement.

In the coming year we will launch our online global Learning Management System (LMS), offering easily accessible and tailored training programmes for different employee groups to enhance their own learning, career paths and personal development. The platform will be accessible anywhere, anytime, allowing employees to continuously learn and take more active ownership of their development.

We believe that the best way for our people to learn is through their daily interactions with others; this is supported by more formal training courses for specific skills dependent on an individual's role, responsibilities, location and business.

Reward strategy

In 2019, we invested US$348.8 million in employee costs – more than 20% of our operational expenditure. This is a significant investment and we continuously assess how our people policies reward and motivate our employees to give their best each day.
We firmly believe that having the right strategy in place attracts, retains and develops the right people. It is what has brought us to be the company we are today. The wellbeing of employees goes beyond financial reward alone. Some of our operations also offer onsite childcare, exercise facilities, bootcamp classes and health checks.

We approach all our investments strategically and continuously review the Company's profit sharing and long-term incentive plans. We issue total reward statements every two years showing the true value of the benefits that employees receive on top of their base salary. In 2018, 80% of our shore staff received a total reward statement. We regularly compare our reward packages using salary surveys and, when available, with industry-specific surveys.

Corporate Responsibility continued

EMPLOYEE ENGAGEMENT

We focus on employee engagement as an integral part of our people strategy. We welcome employee feedback and insights. This year, we launched our transformation programme, Going Further, through 50 interactive sessions across our global operations. We shared our Company values and vision with employees, who had the opportunity to raise any questions or concerns.

Following the launch we surveyed attendees, the results of which provided rich data and highlighted areas where we still have more work to do. These areas vary across our divisions and corporate functions and analysis of the data has enabled us to create action plans to respond to the findings.

Our terminals in Dagenham, UK, New Orleans, US, Santos, Brazil and Singapore identified a number of actions which were viewed as essential following employee surveys carried out in 2018 and 2019. These resulted in the creation of several work groups at each location that are responsible for addressing the survey outcomes. A follow-up survey in New Orleans in January 2020 showed an increase in engagement. This positive change confirms we are focusing on the right things. Improvements were reported in ten out of 11 categories, with the largest gains seen in safety, communication, training and development. We now have benchmarks available for most of our terminals, with a goal to improve these in the coming years.

DIVERSITY AND INCLUSION

We promote a diverse, inclusive and safe environment. In line with our Equal Opportunities Policy, we recruit, train and develop employees who are best-suited to the requirements of the job regardless of gender, ethnic origin, age, religion or belief, marriage or civil partnership, pregnancy or maternity, sexual orientation, gender identity or disability. Our commitment to building a diverse and inclusive workforce at all levels of the organisation is based on creating fairness and parity.

We understand the advantages of a diverse workforce in bringing together different ideas, perspectives and experiences. The diverse and global nature of our organisation is key to developing innovative solutions that benefit our customers. We are proud to support a workforce representing more than 50 nationalities around the globe.

As a company with a truly global reach we offer a wealth of opportunities for those employees with the skills and attitude to excel. We encourage employees to apply for roles across the Group, which enhances their experience, increases their knowledge and expands our own opportunities as a company.

PROTECTING HUMAN RIGHTS

We support the principles set out in the UN Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights and the International Labour Organization Core Conventions.

As a global company operating in countries where there are high risks of human rights, environmental or business ethics abuses, we also monitor these across our supply chain. During 2019 we received no human rights violation reports against Stolt-Nielsen.

As mentioned earlier, when we recycle our ships, we only select those yards which operate in accordance with the International Maritime Organization's (IMO's) 2009 Hong Kong Convention for the Safe and Environmentally Sound Recycling of Ships. During recycling, Stolt Tankers maintains one to three surveyors onsite at the recycling yard, to monitor the process first-hand from start to finish. This ensures that workers' conditions are checked and validated throughout.

In response to GDPR (General Data Protection Regulation), the European Union's (EU's) recent data protection law designed to protect the personal data and privacy of EU citizens, we updated our policies and processes under a global programme to meet requirements under the new legislation.

Number of people employed[1]

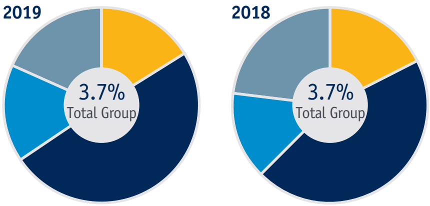
	2019			2018		
Region	**Sea Personnel**	**Onshore staff**	**Total**	Sea Personnel	Onshore staff[2]	Total[2]
Europe	**1,078**	**937**	**2,015**	1,091	939	2,030
North America	**2**	**541**	**543**	3	561	564
Asia	**3,101**	**634**	**3,735**	3,301	617	3,918
Rest of World	**15**	**205**	**220**	18	219	237
Total group	**4,196**	**2,317**	**6,513**	**4,413**	**2,336**	**6,749**

1. 1st January to 31st December 2019

2. Restated to include Stolt Sea Farm

Voluntary employee turnover (%)

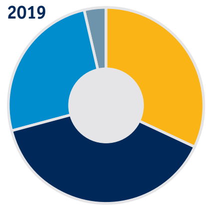
2019 **2018**



2019		2018	
Europe	3.1	Europe	3.5
North America	9.5	North America	9.0
Asia	3.1	Asia	2.9
Rest of world	3.5	Rest of world	4.6

New employees by region (%)

2019



Europe	32.0
North America	39.1
Asia	25.3
Rest of world	3.6

Employee turnover by region

Region	2019 Voluntary leavers	2019 Voluntary employee turnover %	2019 Total employee turnover[1] %	2018 Voluntary leavers	2018 Voluntary employee turnover %	2018 Total employee turnover[1] %
Europe	**63**	**3.1%**	**7.2%**	71	3.5%	10.9%
North America	**52**	**9.5%**	**15.7%**	52	9.0%	13.1%
Asia	**115**	**3.1%**	**10.1%**	114	2.9%	7.7%
Rest of World	**8**	**3.5%**	**6.6%**	11	4.6%	8.4%
Total group	**238**	**3.7%**	**9.5%**	248	3.7%	9.6%

1. Excluding retirees, deaths and employee attrition

ACTING WITH INTEGRITY

We are committed to operating in an ethical, honest and legal way. By eliminating ethical lapses and breaches of compliance, we maintain our reputation as an organisation that does the right thing and retain our strategic advantage in being a company that customers want to work with.

Our global Code of Business Conduct is central to the way we act as a company and is reviewed and approved by the Board annually. It sets out the business conduct principles and rules that apply to all directors, officers, permanent employees, temporary employees, contractors and consultants. It is displayed at all our sites and available in local languages.

The Code requires all our people to act ethically and comply with relevant laws, regulations and Company policies. It mandates that they behave with integrity, maintain their internal and external relationships in a professional manner, and avoid conflicts of interest, bribery and corruption. We view any breach very seriously. Individuals found to be in breach are subject to disciplinary action, up to and including the termination of their employment.

We require our shore-based staff to confirm each year that they will work in accordance with the Code. During 2019, 100% of those required to do so successfully completed an online anti-bribery and corruption awareness module.

OUR SPEAK UP CULTURE

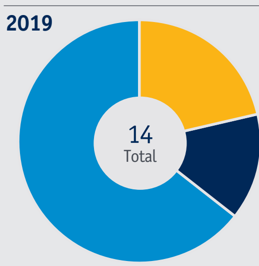
We encourage employees to raise their concerns about potential, suspected or actual breaches of our Code of Business Conduct through their local management, HR or legal representatives without fear of victimisation, discrimination or disadvantage. Together with these internal routes for raising concerns, Stolt-Nielsen has an additional online platform in place. Anyone, internal or external, can access our 'Speak Up' system to report confidentially (and where local law permits, anonymously) directly to the Audit Committee Chairman and our Head of Operational Audit. All reports are taken seriously and investigated thoroughly.

SPEAK UP REPORTS

During 2019, 14 'speak ups' were received and investigated.

The relatively high number in the 'other' category related to broad employee relations issues which were subsequently addressed.

2019



Discrimination/Harassment	3
Safety	2
Other	9

Corporate Responsibility continued

WELFARE OF SEAFARERS

Stolt Tanker's commitment to the fair treatment and welfare of its seafarers is supported by compliance with mandated standards from several international agreements, conventions and processes. We also provide our seafarers with benefits, resources and support that make service aboard our ships both attractive and valued by our officers and crew.

These include:

- medical insurance for all first-degree family members
- exercise equipment or gyms on all ships
- daily internet access for all seafarers
- engagement and development of outstanding cadets for life-long careers at Stolt-Nielsen
- career counselling, guidance and management, emphasising continuous employment to ensure high levels of expertise
- state-of-the-art and focused safety and operational training programmes
- empowerment of Ship Management Teams (SMTs) to drive pride of ownership.

We recently launched a digital app, that crew can download onto their mobile devices, giving them an easy and straightforward way to stay in touch with family and loved ones. Through the app, we can communicate with staff about matters specific to them, as well as keeping them up-to-date with what is happening in the wider business. It also allows us to update and manage personal information such as contact details, certifications and training records.

SUPPORTING GOOD MENTAL HEALTH

The mental health of seafarers is a particular concern within the shipping industry. At Stolt Tankers we have been raising awareness among our people and encouraging them to talk more openly about their experiences. We understand that the our industry can be physically and mentally demanding. We also have a male-dominated workforce for whom talking about their feelings can be difficult.

We are committed to working together to remove the stigma around mental health and creating a climate of greater openness, as well as providing practical support to anyone who needs it. If a crew member wants to raise a concern about themselves or a colleague, they are encouraged to speak to their department head, or the ship's captain. If the concern is related to matters they feel cannot be resolved onboard, they can contact their designated person ashore directly. All crew receive these contact details upon joining and they are also available on our Stolt Tankers Management System. We also have a policy of keeping crews together where possible to build strong support networks.

As part of our Slashed Zero programme we include resilience training, designed to help individuals manage stress, at work and at home. We are exploring ways to improve our training to further support the wellbeing of our crew.

RIGOROUS COMPLIANCE

Stolt Tankers' ships operate with valid International Transport Workers' Federation Union (ITF) agreements (collective bargaining agreements) for all seafarers onboard. We also operate in conformance with the Seafarers' Bill of Rights of the Maritime Labour Convention (MLC), the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers (STCW), the International Convention for the Safety of Life at Sea (SOLAS), and the International Convention for the Prevention of Pollution from Ships (MARPOL). Compliance is verified through Port State Control and Flag State Inspections.

Stolt Tankers' compliance with MLC standards is documented within our Ship Management System. Further vetting takes place during routine onboard inspections as part of the Oil Companies International Marine Forum/Chemical Distribution Institute (OCIMF/CDI). Vetting regime and in-office reviews are conducted as part of OCIMF's Tanker Management and Self-Assessment process. Additional vetting takes place during periodic International Safety Management (ISM) audits carried out by the world's largest ship classification society DNV GL, on behalf of the Flag States.

DEVELOPING OUR SEAFARERS

During 2020, we will launch our 'Career Management System' platform for sea personnel to house all our tailored training materials. It will provide fast access to a wide range of e-learning tools and enable them to track their career progress. It will also contain the feedback they receive each time they complete a voyage with us, so that specific training needs can be identified at an individual level.

Our Slashed Zero training programme combines all our in-house safety-related training modules and those delivered by our expert industry partners, such as Maritime Partners in Safety which delivers courses on behalf of Royal Dutch Shell. Slashed Zero also covers our regular week-long training events where teams have the opportunity to meet with other officers and ratings and discuss a wide range of safety topics. In 2019 we held six events for officers and two for ratings, attended by some 500 sea personnel. Our aim is for every one of our crew to attend one of these face-to-face sessions at least every four years.

We engage with leading companies from different industries so we can identify and mutually learn best practices in leadership and innovation. This year we worked with research platform iDeaLs to empower our seafarers to share their ideas and collaborate to make continuous improvements across the fleet.

We also hold a Master's Club. Open to all our captains to attend on a voluntary basis, it is held three times a year and each captain is invited to attend every three years. This year, 75 captains attended to share their experiences and to discuss topics such as health and safety, innovation and career development for both officers and crew.

Corporate Governance

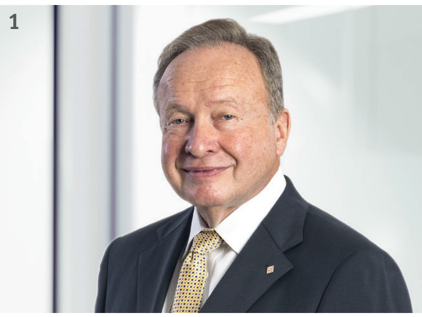
Our commitment to effective corporate governance

Stolt-Nielsen Limited adheres to the provisions set out in the Norwegian Code of Practice for Corporate Governance.

Corporate Governance continued

Board of Directors

1



2

3

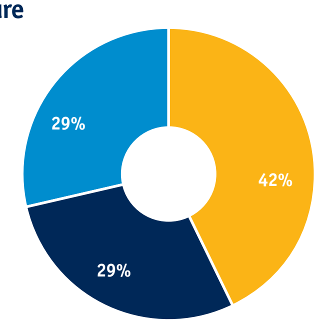
4

5

6

7

Tenure



1–10 years	3
11–20 years	2
20+ years	2

Committee Chairman
A Audit Committee
C Compensation Committee

1. SAMUEL COOPERMAN A C CHAIRMAN OF THE BOARD OF DIRECTORS

Appointment
Mr. Samuel Cooperman has served as Chairman of the Board of Directors since 2016. He has been a Director of Stolt-Nielsen Limited since 2008 and Chairman of the Audit Committee of the Board of Directors since 2009. He has been a member of the Compensation Committee since 2016.

Experience
Mr. Cooperman joined Stolt-Nielsen in 1974 and has held a number of senior management positions, including Chairman and Chief Executive Officer of Stolt-Nielsen Transportation Group. He retired from the Company in 2003. Mr. Cooperman was a member of the Executive Committee of the International Chamber of Shipping until May 2010. He also served as Vice-Chairman for two years. He holds BS and MS degrees in Electrical Engineering from Columbia University and from the Graduate School at the University of Pennsylvania, respectively, and an MBA from Temple University. He is a citizen of the United States.

Other Appointments
Mr. Cooperman is the Chairman of New York Cruise Line and Chief Executive Officer of Cooperman Weiss Consulting LLC.

2. NIELS G. STOLT-NIELSEN DIRECTOR AND CHIEF EXECUTIVE OFFICER

Appointment
Mr. Niels G. Stolt-Nielsen has served as Chief Executive Officer since November 2000. He has been a Director of Stolt-Nielsen Limited since 1996.

Experience
Mr. Stolt-Nielsen joined Stolt Tankers in 1990 in Greenwich, Connecticut, US. In 1994 he relocated to China to open and head Stolt-Nielsen Limited's representative office in Shanghai. He was the President of Stolt Sea Farm from 1996 until 2000 when he became Chief Executive Officer of Stolt-Nielsen Limited. From September 2002 until March 2003 he also served as Interim Chief Executive Officer of Stolt Offshore S.A. Mr. Stolt-Nielsen graduated from Hofstra University in 1990 with a BS degree in Business and Finance. He is a Norwegian citizen.

Other Appointments
Mr. Stolt-Nielsen is the Chairman of the Board of Avenir LNG and a Director of Golar LNG Ltd.

3. JAN CHR. ENGELHARDTSEN DIRECTOR

A

Appointment
Jan Chr. Engelhardtsen was appointed to the Board of Directors in March 2018 and is a member of the Audit Committee.

Experience
Mr. Engelhardtsen previously served as Chief Financial Officer of Stolt-Nielsen Limited for 26 years. He has held numerous key positions during his career, including President of Stolt Tank Containers, where he played an important role in the Company's entry into tank containers, establishing what is today Stolt Tank Containers. He also served as President of Stolthaven Terminals, Chief Financial Officer of Stolt Offshore S.A., and President and General Manager of Stolt-Nielsen Singapore Pte. with overall responsibility for the Company's operations in South-East Asia. Mr. Engelhardtsen holds an MBA from the Sloan School at the Massachusetts Institute of Technology and undergraduate degrees in Business Administration and Finance. He is a citizen of Norway.

Other Appointments
Mr. Engelhardtsen is a Director of Avenir LNG.

4. ROLF HABBEN JANSEN DIRECTOR

Appointment
Mr. Rolf Habben Jansen joined Stolt-Nielsen Limited as a Director in December 2015.

Experience
Mr. Habben Jansen began his career at Royal Nedlloyd before joining Danzas, the Swiss logistics firm, which merged with DHL in 1999. He was Head of Global Customer Solutions at DHL from 2006 until joining Damco as Chief Executive Officer in 2009. He joined the Hapag-Lloyd AG Executive Board in 2014. Mr. Habben Jansen graduated from the Erasmus University in Rotterdam in 1991 with a degree in Economics. He is a Dutch citizen.

Other Appointments
Mr. Habben Jansen is Chief Executive Officer of Hapag-Lloyd AG.

5. HÅKAN LARSSON DIRECTOR

A C

Appointment
Mr. Håkan Larsson has served as Chairman of the Compensation Committee since 2016 and a member of the Audit Committee since 2009. He joined the Board of Stolt-Nielsen Limited in June 2007.

Experience
Mr. Larsson was Chief Executive Officer of Schenker AG from 2000 to 2003, and of Rederi AB Transatlantic from 2003 to 2007. He holds a Bachelor of Economics degree from the Gothenburg School of Economics and is a Swedish citizen.

Other Appointments
Mr. Larsson is Chairman of Valea Holding AB and Wallenius Wilhelmsen ASA, and is a Director of Viking Supply Ships AS. He is also Chairman of the Board of InPension Holding AB and a member of the regional board of Handelsbanken AB.

6. JACOB B. STOLT-NIELSEN DIRECTOR

Appointment
Mr. Jacob B. Stolt-Nielsen has served as a Director of Stolt-Nielsen Limited since 1995.

Experience
Mr. Jacob B. Stolt-Nielsen joined the Company in 1987 and served in various positions in Oslo, Singapore, Greenwich, Connecticut, Houston, Texas and London. He was President of Stolthaven Terminals from 1992 until 2000 with responsibility for the global tank storage business. In 2000, he founded and served as Chief Executive Officer of SeaSupplier Ltd until 2003 when he became Executive Vice President of Stolt-Nielsen Limited. In 2012, he founded Norterminal AS. Mr. Stolt-Nielsen graduated from Babson College in 1987 with a BS degree in Finance and Entrepreneurial studies. He is a Norwegian citizen.

Other Appointments
Mr. Stolt-Nielsen is Chief Executive Officer of Norterminal AS and is a board member of Stolt-Nielsen Holdings AS, SN Terminal AS, Hydrogen Source AS, New York Cruise Lines, Inc. and Biomed Clinic AS.

7. TOR OLAV TRØIM DIRECTOR

Appointment
Mr. Tor Olav Trøim has served as a Director of Stolt-Nielsen Limited since April 2016.

Experience
Mr. Trøim was an equity portfolio manager with Storebrand ASA and Chief Executive Officer for the Norwegian Oil Company DNO AS until 1995. He was employed by Seatankers Management Co. from 1995 to 2014. During this period he was also, at various times, Chief Executive Officer of a number of related public companies, including Frontline Limited, Knightsbridge Tankers, Ship Finance Ltd. and Seadrill Ltd. He has served as a Director on the Boards of Frontline, Marine Harvest ASA, Golden Ocean Group Limited, Seadrill Ltd, Archer Limited and Aktiv Kapital ASA, among others. In 2014 he established Magni Partners UK, which focuses on research and consultancy in the energy industry. Mr. Trøim graduated as M.Sc. Naval Architect from the University of Trondheim, Norway in 1985 and is a Norwegian citizen.

Other Appointments
Mr. Trøim is Chairman of Golar LNG Ltd and Golar MLP, Vice-Chairman at Borr Drilling Ltd, Director at Vaalerenga Fotball AS and owner of Magni Sport and Magni Partners UK, where he is also Managing Partner.

Corporate Governance continued

Letter from the Chairman

Board of Directors: Roles and responsibilities

"It continues to be an honour to serve as your Chairman in the interests of all SNL stakeholders."

Samuel Cooperman
Chairman of the Board

My primary responsibility as Chairman and that of the members of the Board is to act in the best interests of the Company. Each Director is elected by the shareholders of Stolt-Nielsen Limited (SNL), and is required to put their common interests first. In addition to this primary responsibility, I, as Chairman, and the Directors have specific roles and responsibilities, as outlined below.

MY ROLE AS CHAIRMAN

One of my key roles as Chairman is to ensure that the Board has the appropriate range of experience and knowledge to support, challenge and guide the strategy and plans of the SNL management team. Such governance is vital to the interests of shareholders. The SNL Board of Directors adheres to the provisions set out in the Norwegian Governance Code (see page 33).

Another important part of my responsibility is to ensure the Company considers the interests of all stakeholders, including employees, when it comes to issues such as regulation and safety for people and the environment. To ensure these processes are effectively executed and that the Company has sound internal controls and systems for risk management, the Board meets regularly and dedicates appropriate amounts of time to the matters before it.

I also oversee the operational audit function, which assures that our businesses comply with Company policy, and international and local regulations, particularly in relation to financial reporting. The function also maintains an online 'Speak Up' reporting system, so that anyone, inside or outside the Company, may raise any concerns directly (see page 27).

BOARD RESPONSIBILITIES

In addition to its role in overseeing governance, risk management and financial controls, the Board works with management to ensure that the pursuit of new opportunities and investments is balanced with building on the strengths of the Group's existing businesses. The Board also acts to guide the SNL management team toward effective decision-making. This requires the addition of new knowledge and experience over time, to maintain the highest levels of insight and guidance. Board members hold positions on two committees: the Audit Committee, primarily responsible for assuring the accuracy of financial reporting; and the Compensation Committee, responsible for the oversight of a competitive compensation and benefit structure (see page 25).

We have a strong Board with a breadth of experience and perspectives, and I am confident it is well-equipped to discharge its responsibilities effectively.

KNOWLEDGE DRIVES EFFECTIVE OVERSIGHT

The ability of the Board to act in the best interests of the Company requires an in-depth understanding of each business operated by SNL. This is accomplished via presentations made to the Board by each of the businesses, together with quarterly safety updates, weekly business updates, and monthly management reports, all of which provide insights into market trends, our business position and assets.

This information enables Board members to ask questions and discuss any concerns. In addition to scheduled Board meetings, the Directors periodically visit SNL facilities and assets. In November 2019, for example, Board members visited our Singapore business including our terminal and STC depot, located in Jurong. They also met with some of our customers and partners based in the region. Members of the Board also meet with senior management team members and participate in strategic and operational review meetings throughout the year.

CULTURE AND VALUES

SNL's culture has been built on strong foundations during our 60-year history. It is defined by the combination of values and behaviours that SNL employees embrace as they go about their interactions with customers, suppliers, partners, colleagues and other stakeholders. Safety for people and the environment is the first priority for the Company and the Board receives an update on health and safety matters from every business at each Board meeting. In keeping with the responsibilities of good governance, the Board constantly monitors issues related to SNL's culture and values. SNL's Code of Conduct and Statements of Responsibility regarding people and safety, health, environment and quality (SHEQ) are outlined on pages 17 to 28 of this report and can be viewed at www.stolt-nielsen.com.

It continues to be an honour to serve as your Chairman in the interests of all SNL stakeholders and I thank the Board for their contribution during the year.

Corporate governance report

RELEVANT LEGISLATION AND CODES OF PRACTICE FOR CORPORATE GOVERNANCE

Stolt-Nielsen Limited's ("SNL" or the "Company") Corporate Governance addresses the interaction between SNL's shareholders, the Board of Directors and management.

The Companies Act of 1981 of Bermuda ("Bermuda Companies Act") governs the incorporation, organisation and management of SNL. In addition, relevant Bermuda and international law applies to the operation of the business of SNL. Norwegian securities law and Oslo Børs Continuing Obligations apply as a result of SNL being listed on Oslo Børs. Being incorporated in Bermuda and listed on Oslo Børs, SNL is subject to the Norwegian Code of Practice for Corporate Governance (the "Norwegian Code of Practice"). Adherence to the Norwegian Code of Practice is based on a "comply or explain" principle, whereby companies are expected to either comply with the Norwegian Code of Practice or explain what alternative approach is pursued and why. Pursuant to Section 3-3b of the Norwegian Accounting Act and Section 7(2) of Oslo Børs Continuing Obligations, the Company has summarised any expansions or deviations in the SNL Bye-Laws from the provisions of Chapter 5 of the Norwegian Public Limited Liability Companies Act (dealing with General Meetings of Shareholders). The Company's Bye-Laws are available at www.stolt-nielsen.com/media/1190/byelaws.pdf. The Norwegian Code of Practice is available at www.nues.no/English.

SNL is under the majority control of Fiducia Ltd, a company owned by a trust established for the benefit of the Stolt-Nielsen family. As such, the Company's Corporate Governance reflects this majority control and will therefore not necessarily comply with all recommendations of the Norwegian Code of Practice.

1. IMPLEMENTATION AND REPORTING ON CORPORATE GOVERNANCE

SNL has a Code of Business Conduct which applies to all Directors, officers and employees. Any waivers of the Code of Business Conduct for Directors or executive officers are approved by the Board and are disclosed in this report. The Company's overarching business conduct guidelines, including ethical and social responsibility guidance, are set out in its Code of Business Conduct and, where appropriate, more specific policies have been developed to provide more detailed guidance.

2. BUSINESS

In compliance with the Bermuda Companies Act and common practice, SNL's Memorandum of Association describes its objectives and purposes as "unrestricted". The Group's strategy and principal risks are described in its annual report.

3. EQUITY AND DIVIDENDS

The Board of Directors is of the opinion that the Company currently has a suitable capital structure to meet its objectives, strategy and risk profile. The authorised share capital of SNL is 65,000,000 Common Shares, each with a par value of US $1.00, and 16,250,000 Founder's Shares, each with a par value of US $0.001. As of November 30, 2019, 64,133,796 Common Shares and 16,033,449 Founder's Shares were issued and 60,523,796 Common Shares and 15,130,949 Founder's Shares were outstanding. The authorised share capital of SNL may only be increased, reduced or otherwise altered by resolution of the shareholders. The Board of Directors is authorised to increase the issued share capital within the limits of the authorised capital.

The Board of Directors has established a dividend policy that is available on the SNL website (www.stolt-nielsen.com). Under Bermuda law, a company's Board of Directors may not declare or pay dividends if there are reasonable grounds for believing that the company is, or would after the payment, be unable to pay its liabilities as they become due or that the realisable value of its assets would thereby be less than the aggregate of its liabilities and issued share capital and share premium accounts.

In accordance with the provisions of the SNL Bye-Laws the Company may purchase its own shares for cancellation or acquire such shares as treasury shares in accordance with the Bermuda Companies Act on such terms as the Board of Directors shall think fit. Historically, the Annual General Meeting of Shareholders of SNL has authorised the Company, or any wholly owned subsidiary, to purchase Common Shares of the Company, from time to time in the open market, provided that:

i) the maximum price to be paid for such Common Shares shall not be higher than the higher of the price of the last independent trade and the highest current independent bid on Oslo Børs and shall be in conformity with applicable standards, if any, concerning such purchases that may be established by the regulatory regimes in such countries where the Common Shares are listed or admitted for trading,
ii) the minimum price to be paid for such Common Shares shall not be less than the par value (i.e. US $1.00 per share) thereof, and
iii) other conditions for trading shall be in conformity with applicable standards, if any, concerning such purchases that may be established by the regulatory regimes in such countries where the Common Shares are listed or admitted for trading, and further provided such purchases are in conformity with applicable law, such authorisation being granted for purchases completed on or before the following August 31.

The Board of Directors of SNL has resolved to continue share purchases, if any, on the foregoing terms.

4. CAPITAL STRUCTURE, EQUAL TREATMENT OF SHAREHOLDERS AND TRANSACTIONS WITH CLOSE ASSOCIATES

SNL has two classes of shares, Common Shares and Founder's Shares, which carry rights as set forth below. Only the Common Shares are listed on Oslo Børs.

Except for matters where applicable law requires the approval of both classes of shares voting as separate classes, Common Shares and Founder's Shares vote as a single class on all matters submitted to a vote of the shareholders, with each share entitled to one vote.

Under the Bye-Laws, holders of Common Shares and Founder's Shares participate in annual dividends, if any are declared by the Company, in the following order of priority: (i) $0.005 per share to Founder's Shares and Common Shares equally; and (ii) thereafter, all further amounts are payable to Common Shares only.

Under the Bye-Laws, in the event of a liquidation, all debts and obligations of SNL must first be paid and thereafter all remaining assets of SNL are paid to the holders of Common Shares and Founder's Shares in the following order of priority: (i) Common Shares rateably to the extent of the par value thereof (i.e. $1.00

Corporate Governance continued

per share); (ii) Common Shares and Founder's Shares participate equally up to $0.05 per share; and (iii) thereafter, Common Shares are entitled to all remaining assets.

As of November 30, 2019, Fiducia Ltd., a company owned by a trust established for the benefit of the Stolt-Nielsen family, together with certain members of the Stolt-Nielsen family, controlled 65.72% of the outstanding shares of SNL entitled to vote generally on matters brought to a vote of the shareholders of SNL. As a result, the trustees of the family trust are currently able to directly and indirectly exercise a controlling influence over SNL's operations and have sufficient voting power to control the outcome of matters requiring shareholder approval including: the composition of SNL's Board of Directors, which has the authority to direct SNL's business and to appoint and remove SNL's officers; approving or rejecting a merger, consolidation or other business combination; raising future capital; and amending the Bye-Laws which govern the rights attached to SNL's Common Shares. This control may deter a third party from attempting to take control of SNL without the approval of the trustees of the Stolt-Nielsen family trust. Additionally, the interests of the family trust may conflict with the interests of SNL's other shareholders.

The Board of Directors reviews at least annually the financial and other relationships between Directors and SNL. SNL conducts an appropriate review of all related party transactions for potential conflict of interest situations on an ongoing basis and all such transactions are approved by SNL's Audit Committee and disclosed in the Annual Report.

Any transactions SNL carries out in its own shares are carried out either through Oslo Børs or at prevailing stock exchange prices if carried out in any other way.

The Board of Directors and the Board Committees may retain independent advisors, as they deem appropriate and at their discretion. SNL shall be responsible for the expenses of any such advisor.

5. SHARES AND NEGOTIABILITY

Only the SNL Common Shares are listed on Oslo Børs. The Company's Bye-Laws limit individual shareholdings of Common Shares to 20%, single U.S. person shareholdings to 9.9% and shareholders of any single country in aggregate to 49.9%.

While the Board of Directors is authorised to further restrict, reduce or prevent the ownership of shares if it appears to the Board of Directors that such ownership may threaten SNL with adverse consequences, including but not limited to adverse tax consequences, hostile takeover attempts or adverse governmental sanctions, it has to date not made use of its authority. It is the intention for the Board of Directors to assess any takeover offer for SNL or a substantial portion of SNL's assets, make a recommendation on any such offer, and call for a General Meeting of Shareholders to vote on the acceptance or rejection of such an offer.

6. GENERAL MEETINGS

The Board of Directors or the Chairman are responsible for calling both Annual and Special General Meetings of Shareholders. At any General Meeting, two or more persons present in person throughout the meeting and representing in person or by proxy issued voting shares in the Company, shall form a quorum for the transaction of business, except for those matters under the Bermuda Companies Act for which a specified super majority vote is required, in which case a quorum representing one-third of the issued and outstanding shares entitled to vote is required.

The Board of Directors is obligated to hold an Annual General Meeting every year at such time and place as the Board of Directors or Chairman shall designate.

A shareholder or group of shareholders representing at least one-tenth of the outstanding voting shares may request a Special General Meeting in writing indicating the agenda thereof. The Board of Directors will be obligated to hold the meeting forthwith.

Notices for both Annual and Special General Meetings shall be sent by mail to all holders entitled to attend and vote no later than 21 days before the date set for the General Meeting.

Notices should provide sufficient information on all matters to be considered at the General Meeting, voting instructions and the opportunity to vote by proxy. Matters at the General Meetings are restricted to those set forth in the agenda.

The foregoing provisions relating to the holding of, and conduct at, General Meetings of Shareholders are set forth in SNL's Bye-Laws, as well as in relevant provisions of the Bermuda Companies Act. A summary of provisions of Chapter 5 of the Norwegian Public Limited Liability Companies Act where the SNL Bye-Laws expand or deviate from the provisions of the Act can be found on the Company's website at www.stolt-nielsen/Investor-Relations.aspx.

7. NOMINATION COMMITTEE

Bermuda law does not require that a nomination committee is established, and there is no provision in the SNL Bye-Laws relating to a nomination committee. Consequently, SNL has not established a nomination committee. Members of the Board of Directors identify and evaluate proposed candidates for nomination to the Board of Directors. Individuals are selected for nomination to the Board of Directors based on their business or professional experience, the diversity of their background, and their array of talents and perspectives.

8. BOARD OF DIRECTORS: COMPOSITION AND INDEPENDENCE

The business affairs of SNL are managed under the direction of the SNL Board of Directors. The Board of Directors may delegate authority to the Chairman, specified committees of the Board of Directors, or to SNL's management. SNL does not have a corporate assembly as this is not required under Bermuda law.

As provided in SNL's Bye-Laws, the Board of Directors shall be composed of at least three and not more than nine Directors. The Board of Directors believes that the optimal size for the Board of Directors should be six to eight Directors. The Board of Directors' size is flexible depending on the circumstances and the qualifications of proposed candidates.

The composition of the Board of Directors shall ensure that the SNL Board of Directors can attend to the common interests of all shareholders and meets the Company's need for expertise, capacity, diversity and independence.

The Directors are elected at the Annual General Meeting of Shareholders. Directors shall hold office for such term as decided by the General Meeting, or in absence of such determination, until the next Annual General Meeting or until their successors are elected or appointed or their office is otherwise vacated. Directors may be removed only for cause by the vote at a Special General Meeting held for that purpose. In the event of a vacancy on the Board of Directors, the remaining members of the Board of Directors may fill such vacancy and appoint a member to act until the next General Meeting of shareholders at which the Directors so elected shall be confirmed. The foregoing provisions relating to the election, removal and replacement of Directors are set forth in the SNL Bye-Laws.

Whereas the Board composition meets the requirements according to the Norwegian Code of Practice for independence from major shareholders and main business associates, four of the current seven SNL Directors, Samuel Cooperman, Håkan Larsson, Rolf Habben Jansen and Tor Olav Trøim are considered to be independent from the executive management according to the Norwegian Code of Practice. In the view of the SNL Board of Directors, the composition of the Board of Directors and the

Board Committees ensures continuity and experience and is suitable to represent the interests of the minority shareholders.

The Chairman of the Board of Directors is elected by the Annual General Meeting of Shareholders. The CEO is a member of the Board of Directors. The Annual Report includes information to illustrate the expertise of the members of the Board of Directors.

An up to date composition of SNL's Board of Directors is available on the Company's website at www.stolt-nielsen.com/Investor-Relations.aspx.

9. THE WORK OF THE BOARD OF DIRECTORS

Board Meetings

The Board of Directors holds at least four regularly scheduled meetings a year. Meeting schedules are approved by all members of the Board of Directors. SNL does not have a Deputy Chairman as this has not been considered necessary. The Board of Directors may appoint a Board Secretary who does not need to be a member of the Board of Directors.

Decisions of the Board of Directors shall be taken by a majority of the votes cast by the Directors present and represented at the meeting provided a quorum is present. A majority of the Directors then in office shall constitute a quorum. The Board of Directors may also act by unanimous written consent.

Directors and executive management must notify the Board of Directors if they have any material direct or indirect interest in any proposed transaction to be entered into by SNL. Following such notification, and unless disqualified by the Chairman of the relevant Board of Directors meeting, a Director may vote in respect of any such matter and may be counted in the quorum for such meeting.

Board Meetings – Executive Sessions

Management is available to discuss matters of concern to the Board of Directors, and the Board of Directors has regular access to senior management. The basic duties and responsibilities of the Directors include attending Board of Directors' meetings, preparing for meetings by advance review of any meeting materials and actively participating in the Board of Directors' discussions. Directors are also expected to make themselves available outside the Board of Directors' meetings for advice and consultation.

The Board of Directors ensures that SNL has effective internal controls in accordance with the regulations that apply to its activities, including SNL's corporate values and ethical guidelines.

Board Committees

The Board of Directors has established an Audit Committee and a Compensation Committee. The Board of Directors periodically reviews the size, structure and function of the Board Committees. The Audit Committee and Compensation Committee have written charters. These charters are reviewed and reassessed by the Board on an annual basis.

The Audit Committee is composed of at least two members, preferably each of whom is independent pursuant to all applicable regulatory requirements. The Compensation Committee is composed of at least two members, of whom at least one shall be deemed independent pursuant to all regulatory requirements applicable to SNL.

The Audit Committee is responsible for the oversight of the work of the Company's external auditor, and for recommending the external auditor's appointment, compensation and retention. Under Bermuda law the appointment of the external auditor has to be made by the shareholders in General Meeting, but the approval of the external auditor's compensation may be delegated by the shareholders to the Board of Directors.

The Compensation Committee of SNL is responsible for compensation strategy, overall salary increases and awards under its compensation programmes. It reviews and approves all aspects of senior executive management compensation, including performance incentive and equity based compensation plans.

Each Committee has a Chair who reports the activities of such Committee at meetings of the full Board of Directors.

The members of the Committees are set out on the Company's website at www.stolt-nielsen.com/Investor-Relations.aspx.

10. RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors is responsible for SNL's system of internal control, which covers financial, operational and compliance controls as well as risk management processes. SNL's system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and provide reasonable assurance that SNL is operating legally, ethically and within approved financial and operational policies and procedures with sufficient safeguards against material financial statement misstatements or loss of assets.

The main elements of the Company's system of internal control over financial reporting include the Code of Business Conduct, Global Accounting Policies and Procedures, Financial Reporting Risk Assessments, Annual Budgets, Authorisation Limits, Periodic Reporting and Evaluation of budgeted versus actual results. The different layers of control allow for a greater probability that errors in the financial reporting are identified early and corrected.

SNL's business heads conduct an annual review of SNL's most significant areas of exposure to risk. The Operational Audit Department provides assurance that the Company has appropriate internal control, risk management and related corporate governance systems in place throughout the organization, and performs regular independent audit reviews of these systems to assure adherence and recommend improvements.

The Board of Directors, through the Audit Committee, oversees the monitoring of compliance with the system of internal control over financial reporting. At its quarterly meeting the Audit Committee reviews and discusses results of internal audits performed by the Operational Audit Department. This also includes matters of an ethical nature. All employees, customers, suppliers and other parties have direct access to the Audit Committee, through the whistle blowing system, to report any potential illegal or unethical matters.

11. REMUNERATION OF THE BOARD OF DIRECTORS

The Board of Directors reviews the Directors' compensation periodically. The review includes a comparison of SNL's Directors' compensation practices against the practices of comparable US and European companies. The remuneration of the Board of Directors reflects the Board of Directors' responsibility, expertise, time commitment and the complexity of SNL's activities. The remuneration is not linked to the performance of the Company.

Members of the Board of Directors and/or companies with which they are associated shall not in principle take on specific assignments for SNL in addition to their appointment as a member of the Board of Directors. If they do nonetheless take on such assignments this shall be disclosed to the full Board of Directors. The remuneration for such additional duties shall be approved by the Board of Directors.

The remuneration awarded to SNL's Board of Directors for their service as Directors is disclosed in aggregate in the Annual Report. Any remuneration in addition to normal directors' fees is specifically identified.

Corporate Governance continued

12. REMUNERATION OF THE EXECUTIVE MANAGEMENT

The Compensation Committee of SNL is responsible for compensation strategy, overall salary increases and awards under its compensation programmes. It reviews and approves all aspects of senior executive management compensation, including performance incentive and equity based compensation plans.

The Company has in place a long-term incentive plan aimed at tying the executive management's compensation with the performance of the Company. This is a cash-based plan which sets future pay-outs based on Company performance relative to targets for Return of Capital Employed and EBITDAR-to-Revenue. All performance related compensation is capped at a maximum percent of the salary of the executive management.

13. INFORMATION AND COMMUNICATIONS

All information distributed to SNL's shareholders is published on SNL's website. SNL promptly submits all press releases to Oslo Børs, and disseminates such press releases through an approved news wire service that provides simultaneous and broad distribution.

Copies of audited financial statements of SNL are distributed to shareholders prior to the Annual General Meeting of Shareholders and filed with Oslo Børs in accordance with its requirements. SNL publishes each year the dates for major events such as its Annual General Meeting of Shareholders, publication of interim reports, public presentations and dividend payment date if appropriate. These dates are available on SNL's website at www.stolt-nielsen.com/Investor-Relations.aspx.

After each quarterly earnings release, SNL holds a conference call to discuss the results and respond to investor and analyst questions. The conference call is open to all those who wish to participate. Twice per year the results conference call is held in front of a live audience. All conference calls have a telephone dial-in and are webcast with playback options available.

14. TAKE-OVERS

The Board of Directors will publicly disclose any serious offer for SNL, or a substantial portion of the assets of SNL and will to the extent applicable follow the Norwegian Securities Trading Act and the recommendation in the Norwegian Code of Practice if any serious offer is received.

In most of SNL's financing agreements the company has certain change of control provisions that would trigger a default in the event of a take-over, unless waivers were obtained from lenders.

15. INDEPENDENT AUDITOR

The Audit Committee is responsible for the oversight of the work of the Company's external auditor, and for recommending the external auditor's appointment. The Audit Committee has established guidelines in respect of the use of the Independent Auditors by the Company's executive management for services other than the audit. The Audit Committee shall receive annual written confirmation from the Independent Auditors that such firm continues to satisfy the requirements for independence. In addition, the Independent Auditors shall provide the Audit Committee with a summary of all services in addition to audit work that has been undertaken for the Company. The Independent Auditors shall submit the main features of the plan for the audit of SNL to the Audit Committee annually.

The Independent Auditors shall participate in meetings of the Audit Committee that deal with the annual accounts and half-year results. At these meetings, the Independent Auditors shall comment on any material changes in the Company's accounting principles, comment on material management estimates and judgements, and report all matters on which there has been disagreement between the firm and the executive management of the Company.

The Independent Auditors shall at least once a year present to the Audit Committee commentary on any significant internal control findings arising during the audit.

The Audit Committee shall hold a meeting with the Independent Auditors at least once a year at which neither the CEO nor any other member of the executive management is present.

Financial Review

Jens F. Grüner-Hegge
Chief Financial Officer

Management's Discussion of Operating Performance

This section discusses SNL's operating results and financial condition for the years ended November 30, 2019 and 2018. This discussion consists of:

- Results of Operations;
- Business Segment Information;
- Liquidity and Capital Resources;
- Critical Accounting Estimates;
- Principal Risks;
- Treasury Shares;
- Going Concern; and
- Subsequent Events.

RESULTS OF OPERATIONS

Below is a summary of SNL's consolidated financial data for November 30, 2019 and 2018:

	For the years ended November 30,	
(in thousands)	**2019**	2018
Operating Revenue	**$ 2,037,383**	$ 2,125,495
Operating Expenses	**(1,423,359)**	(1,460,958)
Depreciation and amortisation	**(254,553)**	(264,664)
Impairment of assets	**(5,500)**	(26,390)
Gross Profit	**353,971**	373,483
Gross margin	**17.4%**	17.6%
Share of profit of joint ventures and associates	**23,176**	32,360
Administrative and general expenses	**(206,020)**	(223,137)
Gain (loss) on disposal of assets, net	**2,407**	(1,325)
Other operating income	**2,354**	6,405
Other operating expense	**(806)**	(678)
Operating Profit	**175,082**	187,108
Operating margin	**8.6%**	8.8%
Non-operating income (expense):		
Finance expense	**(139,316)**	(139,111)
Finance income	**3,133**	3,872
Foreign currency exchange loss, net	**(2,385)**	(4,971)
Other non-operating income (expense), net	**1,081**	(609)
Profit before Income Tax	**37,595**	46,289
Income tax (expense) benefit	**(18,534)**	7,701
Net Profit	**$ 19,061**	$ 53,990
Attributable to:		
Equity holders of SNL	**21,043**	54,850
Non-controlling interests	**(1,982)**	(860)
	19,061	53,990

	For the years ended November 30,	
(in thousands)	**2019**	2018
Net profit before one-time items	**$ 26,236**	$ 46,291
One-time items:		
US corporate tax rate change	**–**	24,900
AGHL fair value loss	**–**	(12,884)
Avenir gain on deconsolidation	**–**	11,157
Terminal one-time items (see Terminals section below)	**(7,882)**	4,607
Impairment of assets in Stolt Bitumen	**–**	(17,715)
Restructuring charges for Tankers	**–**	(2,516)
Tax effect on the above one-time items	**2,407**	150
Write-down of Stolt Sea Farm inventory	**(1,700)**	–
Net Profit	**$ 19,061**	$ 53,990

Financial Review continued

CONSOLIDATED INCOME STATEMENT

Net profit of SNL was $19.1 million for 2019, compared with $54.0 million in 2018. Excluding the one-time items described in the table above, net profit was $26.2 million for 2019, compared with $46.3 million in 2018, or a $20.1 million reduction. The most significant factors affecting SNL's performance in 2019 were:

- Stolt Tankers reported an operating profit of $56.7 million, a 15% decline compared to prior year operating profit of $66.6 million. Cargo volume carried was down 3% in line with a reduction in the deep-sea fleet from the redelivery of two time-chartered ships and the recycling of one ship in 2018, while freight rates decreased by 2% mainly due to market pressures resulting in lower rates in renewals of Contracts of Affreightment (COA) at the beginning of 2019. Partially offsetting the lower revenues was a decrease in bunkers, ship owning and depreciation expenses.
- Stolthaven Terminals reported an operating profit of $69.0 million compared to $76.4 million in 2018. Excluding the one-time negative adjustments of $7.9 million in 2019 and positive adjustments of $4.6 million in 2018, as discussed in the Terminals section, operating profit increased by $5.0 million in 2019. The increase in operating profit was mainly due to an increase in the average utilisation rate, capacity expansions in Santos and an increase in utility usage and dock and railcar activities in both Houston and New Orleans.
- Stolt Tank Containers reported an operating profit of $56.1 million, down from $70.9 million in 2018, a decrease of $14.7 million or 20.8%. The decrease was largely owing to a decrease in shipments of 1.6%, as well as a reduction in transportation margins, partially offset by a $4.2 million incremental billing for costs incurred in previous periods. Also impacting results were increases in tank rental expenses, empty repositioning of tanks and storage costs.
- Stolt Sea Farm reported an operating profit of $0.9 million, compared with an operating profit of $13.0 million in 2018. The decrease in the operating profit was attributable to the adjustment for fair value of inventories which had a negative impact of $5.1 million in 2019, compared with a positive impact of $5.5 million in 2018 and $1.7 million of one-time costs from the write-down of inventory in Sterling Caviar in 2019.
- Stolt-Nielsen Gas reported an operating loss of $4.1 million in 2019 versus a loss of $11.0 million in 2018. The losses in both years were mainly attributable to the costs related to the development of various small-scale LNG projects.
- Corporate and Other operating loss was $3.5 million, compared to the prior year loss of $28.8 million. The prior year loss was the result of the impairment of assets at Bitumen of $17.7 million and higher profit sharing expense.

Operating revenue

Operating revenue was $2,037.4 million in 2019, which was 4.1% lower than in 2018, mainly due to lower freight and bunker surcharge revenues in Tankers and lower number of shipments and freight rates at Stolt Tank Containers.

Stolt Tankers' revenue decreased by $71.3 million, due to $61.8 million in lower freight revenue and $9.4 million lower bunker surcharge revenues. The freight revenue decreased mainly due to 3.6% fewer operating days in deep-sea as a result of the redelivery of two time-chartered ships and the recycling of one ship in 2018. The lower bunker surcharge revenues were due to the decrease of bunker prices between the years.

Stolthaven Terminals' revenue decreased by $1.2 million compared to 2018, a decrease of 0.5%. This decrease was mainly due to the sale of the Rail business and the Altona terminal in 2019. The impact was only partly offset by an increase in the average utilisation rate to 90.9% in 2019 from 90.4% in 2018.

Stolt Tank Containers' revenue decreased by $22.5 million, or 4.1%, in 2019 largely as a result of a 1.6% decrease in shipments and lower freight rates. Also impacting revenue was a decrease in demurrage revenue of $1.6 million as well a decrease in other ancillary revenue.

Stolt Sea Farm's operating revenue increased by $7.1 million, or 7.2%, in 2019 as a result of higher volumes sold of turbot and caviar.

Gross profit

SNL's gross profit decreased by $19.5 million or 5.2% to $354.0 million in 2019 compared to prior year, reflecting market conditions at Stolt Tankers and reduction in fair value of inventory in Stolt Sea Farms between years, partially offset by increased gross profit at Stolthaven Terminals.

Stolt Tankers' gross profit decreased by $16.6 million in 2019, to $138.3 million, due to a decrease in revenues driven by a slightly smaller deep-sea fleet and lower average freight rates reflecting a soft market worldwide. This was partially offset by lower depreciation expense as, in 2018, the Group undertook drydocks to extend the lives of certain ship classes in the deep-sea fleet. In addition, depreciation decreased owing to a change in steel price causing higher residual values. Bunker expense decreased due to lower fuel prices and fewer operating days and port expense decreased in line with the lower number of operating days.

Gross profit for Stolthaven Terminals was $87.5 million in 2019, compared with $84.1 million in 2018, an increase of $3.4 million. Excluding one-time adjustments discussed in the Terminals section below, gross profit increased by $9.6 million from the impact of lower expenses.

Stolt Tank Containers saw a decrease in gross profit of $14.0 million to $122.1 million, largely owing to a decreased number of shipments and weaker market conditions. This was partially offset by a reduction in depreciation.

Stolt Sea Farm's gross profit decreased by $11.8 million to $8.3 million, owing to the $5.1 million loss from fair value adjustments for inventories in 2019 compared with a gain of $5.5 million in 2018, together with $1.7 million one-time costs from the write-off of sturgeon inventory.

Corporate and Other loss decreased by $19.3 million between periods. In 2018, Bitumen recorded an impairment of various assets, including bitumen ships, of $17.7 million.

Share of profit of joint ventures and associates
SNL's share of the profits from non-consolidated joint ventures and associates in 2019 was $23.2 million, down from $32.4 million in 2018.

Stolt Tankers' share of profit from joint ventures increased by $0.2 million to $3.2 million. Profits at the South East Asian joint venture Stolt NYK Asia Pacific Services (SNAPS) decreased as it continued to face a generally weak market with an oversupply of tonnage and a lack of spot cargo demand. The equity pickup from the deep-sea joint venture NYK Stolt Tankers S.A., on the other hand, increased due to more operating days and lower depreciation expense.

Stolthaven Terminals' share of profit from joint ventures and associates decreased by $8.6 million to $22.9 million. The decrease mainly reflected $8.2 million of lower equity income from the joint venture with Oiltanking in Antwerp due to the partial release of a deferred tax liability in 2018 following the reduction of the corporate income tax rate in Belgium.

Administrative and general expenses
Administrative and general expenses were $206.0 million in 2019, down from $223.1 million in 2018, a decrease of $17.1 million owing to $6.7 million lower personnel costs, $5.1 million lower profit sharing and long-term incentive plans and $3.2 million lower professional fees as well as favorable foreign exchange due to the strengthening of the US dollar.

Gain (loss) on disposal of assets, net
SNL recorded a net gain on disposal of assets of $2.4 million in 2019 and loss of $1.3 million in 2018.

Other operating income and other operating expense
Other operating income was $2.4 million in 2019, compared to $6.4 million in 2018. In 2018, the income reflected a fee for the early surrender of a land lease at Hamer Street, New Zealand and insurance income in Houston.

Other operating expense was $0.8 million in 2019 and $0.7 million in 2018.

Finance expense
Finance (interest) expense was $139.3 million in 2019, up from $139.1 million in 2018 as a result of higher debt issuance amortisation costs almost completely offset by lower external interest as a result of lower average debt outstanding.

Finance income
Finance income was $3.1 million in 2019, down by $0.7 million compared with 2018.

Foreign currency exchange loss
In 2019, SNL had a foreign currency exchange loss of $2.4 million, compared with a $5.0 million loss in 2018. The loss in 2018 was largely due to the impact of a weakening of the Chinese Renminbi and Euro.

Other non-operating income, net
Non-operating income was $1.1 million in 2019 compared with a non-operating expense of $0.6 million in 2018.

Income tax expense
Income tax was an expense of $18.5 million in 2019, compared to a benefit of $7.7 million in 2018. In 2018 there was a reduction in the US Federal corporate tax rate from 35% to 21% resulting in a reduction in deferred taxes of $24.9 million.

Non-controlling interest
Non-controlling interest mainly relates to an external minority shareholder interest of 25% in Sterling Caviar.

BUSINESS SEGMENT INFORMATION
This section summarises the operating performance for each of SNL's principal business segments. The "Corporate and Other" category includes Corporate-related expenses and all other operations, such as Stolt Bitumen Services, which are not reportable under other segments.

	For the years ended November 30,	
(in thousands)	**2019**	2018
Operating revenue:		
Stolt Tankers	**$ 1,147,885**	$ 1,219,153
Stolthaven Terminals	**250,830**	251,984
Stolt Tank Containers	**528,568**	551,102
Stolt Sea Farm	**105,598**	98,481
Corporate and Other	**4,502**	4,775
Total	**$ 2,037,383**	$ 2,125,495
Operating profit:		
Stolt Tankers	**$ 56,713**	$ 66,563
Stolthaven Terminals	**68,956**	76,411
Stolt Tank Containers	**56,136**	70,884
Stolt Sea Farm	**878**	13,016
Stolt-Nielsen Gas	**(4,126)**	(10,976)
Corporate and Other	**(3,475)**	(28,790)
Total	**$ 175,082**	$ 187,108

STOLT TANKERS

Operating revenue
Operating revenue decreased by $71.3 million in 2019 from 2018, with deep-sea revenue decreasing by $64.2 million and regional revenues by $7.1 million.

Deep-sea freight revenues were lower due to a 3.1% decrease in tons of cargo carried and a 2.0% decrease in average freight rates. Operating days were 3.6% lower owing to the redelivery of two time-chartered ships and to the recycling of one ship during 2018, which had a full-year impact in 2019. The decrease of average freight rates was caused by renewals of Contracts of Affreightment (COA) at lower rates. Rates on spot contracts, which consist of approximately 29% of total contracts, increased by 1.7%. COA freight rates reflected an oversupply of tonnage at the beginning of the year, partly due to an increase in product tanker swing tonnage because of low rates in the clean petroleum products (CPP) markets normally served by those ships. Bunker surcharge revenue also decreased by $8.1 million due to lower bunker prices compared to the prior year.

Financial Review continued

Regional fleet revenue decreased by $7.1 million, reflecting lower freight revenue due to a weak spot market in Northwest Europe and drydockings of four ships in the Caribbean fleet.

The average Sailed-In Time-Charter Index for 2019 was 0.53, compared with 0.57 for 2018.

As of November 30, 2019, Stolt Tankers owned and/or operated 153 ships and barges, representing 2.82 million deadweight tons (dwt), compared to 2.85 million dwt at the end of 2018.

	Number of ships	Millions of dwt	% of STJS net earnings for the year ended November 30, 2019
Stolt Tankers Joint Service (STJS):			
Stolt Tankers Limited (52 owned)	56	1.90	79%
NYK Stolt Tanker S.A.	6	0.19	9%
Hassel Shipping 4 A.S.	8	0.26	12%
Total Stolt Tankers Joint Service	**70**	**2.35**	100%
Ships in owned regional services (28 owned)	61	0.28	
Ships in joint venture regional services (21 owned)	22	0.19	
Total	**153**	**2.82**	

Operating profit

Operating profit decreased by $9.9 million, to $56.7 million in 2019 from $66.6 million in 2018. The decline in revenue was partially offset by a decrease in bunkers, port expenses, ship management costs and depreciation.

Operating expenses excluding depreciation decreased by $39.1 million, with $17.8 million of the decrease being the result of lower bunker costs. The average price of IFO consumed in 2019 was $408 per ton, slightly down from $413 per ton in 2018, while operating days in the deep-sea fleet were 3.6% lower. Bunker hedges entered into by SNL resulted in gains of $1.4 million for the year, which was $4.7 million lower than in 2018. Time-charter expenses decreased by $9.8 million because of the redelivery of two ships in the deep-sea fleet during 2018. Port charges decreased by $5.4 million in line with the lower number of operating days.

Depreciation expense decreased by $15.5 million owing to the impact of performing life-extending drydockings of certain ship classes in the deep-sea fleet in the fourth quarter of 2018, and to the effect of higher residual values. Ship management costs were $5.5 million or 3% lower than prior year mainly due to savings on manning costs and consumables.

Stolt Tankers' share of profit from joint ventures increased by $0.2 million to $3.2 million. Profits at the South East Asian joint venture Stolt NYK Asia Pacific Services (SNAPS) decreased as it continued to face a generally weak market with an oversupply of tonnage and a lack of spot cargo demand. The equity pickup from the deep-sea joint venture NYK Stolt Tankers S.A., on the other hand, increased due to the impact of the delivery of one newbuilding in March 2018 and lower depreciation expense from the life extension of two ships.

STOLTHAVEN TERMINALS

Operating revenue

Stolthaven Terminals' revenue decreased to $250.8 million in 2019 from $252.0 million in 2018. This decrease of 0.5% was mainly due to the sale of the Rail business and Altona terminal in 2019. Partly offsetting this was an increase in the average utilisation rate to 90.9% in 2019 from 90.4% in 2018. The increase in the average utilisation rate was mainly due to a higher average leased capacity in Houston, New Orleans, Singapore, Moerdijk and Dagenham, offset by a lower leased capacity in Newcastle.

Total available average capacity at the wholly-owned terminals decreased slightly to 1,723,040 cubic metres in 2019 from 1,723,589 cubic metres in 2018. The addition of new capacity in New Orleans, Santos and Dagenham in 2019 was more than offset by the sale of Altona and capacity taken out of service in Wynyard due to the planned exit at the end of its lease. Product handled decreased to 14.0 million metric tons in 2019 from 14.4 million metric tons in 2018.

Operating profit

Operating profit decreased by 9.8% to $69.0 million in 2019 from $76.4 million in 2018. There were the following one-time items:

(in thousands)	For the years ended November 30, 2019	2018
Terminal operating profit before one-time items	**$ 76,838**	$ 71,804
One-time items:		
Gain on disposal of Rail business and Altona terminal	**1,366**	–
Impairment of plant and equipment in Australasia	**(7,794)**	(3,104)
Accelerated depreciation in Wynyard, New Zealand	**(1,454)**	–
Surrender fee Hamer Street, New Zealand, net of costs	**–**	3,405
Higher share of profit from joint ventures owing to a tax rate change in Belgium	**–**	8,225
Impact of penalty fees on share of profit in the joint venture with Oiltanking in Antwerp	**–**	2,071
Partial write-off of loan receivable with a joint venture	**–**	(3,557)
Impairment of assets at joint ventures	**–**	(1,527)
Impairment of capitalised customer contract	**–**	(906)
Terminal operating profit	**$ 68,956**	$ 76,411

The increase of $5.0 million before the one-time items was mainly due to an increase in the average utilisation rate as discussed above, capacity expansion in Santos and an increase in utility usage and dock and railcar activities in both Houston and New Orleans.

Operating expenses decreased to $96.7 million in 2019 from $105.7 million in 2018 because of a lower cost basis due to the sale of the Rail business and the Altona terminal in 2019 and favourable foreign exchange due to the strengthening of the US dollar.

Share of profit of Stolthaven Terminals' joint ventures and associates increased by $1.7 million before 2018 one-time items listed above.

STOLT TANK CONTAINERS (STC)

Operating revenue

Stolt Tank Containers' revenue fell to $528.6 million in 2019 from $551.1 million in 2018, a decrease of 4.1%. This was primarily owing to decreased shipment activities combined with a decrease in transportation rates as market conditions weakened. It was partially offset by a $4.2 million incremental billing for costs incurred in previous periods.

In 2019, STC handled 127,033 tank container shipments, compared with 129,127 shipments in 2018, which represents a 1.6% decrease. Average utilisation decreased to 67.7% in 2019, from 72.1% in 2018. The fleet increased by 3.3% to 40,513 tank containers at the end of 2019 compared to 39,202 tank containers at the end of 2018.

STC's rates in most major markets decreased because of weaker market conditions combined with an increase in lower-priced shorter intra-regional shipments. STC's rates were also impacted by changing trade patterns resulting from the US and China trade dispute.

Operating profit

Stolt Tank Containers' operating profit decreased $14.8 million to $56.1 million in 2019 from $70.9 million in 2018 with operating margins decreasing to 10.6% in 2019 from 12.9% in 2018. The decline was primarily caused by fewer shipments and decreased demurrage revenue as well as increased tank rental, empty repositioning expense and storage costs.

STOLT SEA FARM (SSF)

Operating revenue

Stolt Sea Farm's revenue increased by $7.1 million, or 7.2%, to $105.6 million in 2019 from $98.5 million in 2018, as turbot volumes sold reached a high of 8,314 tonnes, which was 12.5% higher than 2018. Sole volumes decreased by 5.2% while sole prices increased by 8.9%.

Operating profit

Stolt Sea Farm reported an operating profit of $0.9 million in 2019 compared to an operating profit of $13.0 million in 2018, a year-on-year decrease of $12.1 million. SSF recorded a $5.1 million fair market value loss on the biological assets in 2019 compared to $5.5 million fair market value gain in 2018. The remaining variance primarily came from the $1.7 million write-down of inventory in Sterling Caviar.

Stolt-Nielsen Gas (SNG)

Stolt-Nielsen Gas is an investment arm of SNL focusing on the liquefied natural gas (LNG) segment with holdings in Avenir LNG Ltd and Golar LNG Ltd. Avenir's results are reported as a joint venture, while changes in the share price of the Golar investment are reported as Other Comprehensive Income. Avenir reported an operating loss of $4.1 million in 2019 versus a loss of $11.0 million in 2018. The losses in both years were mainly attributable to the development of various small-scale LNG projects.

Corporate and Other

Corporate and Other operating loss was $3.5 million, compared with the prior year loss of $28.8 million. There were the following one-time items:

(in thousands)	For the years ended November 30, 2019	2018
Corporate and Other operating loss before one-time items	**$ (3,475)**	$ (8,854)
One-time items:		
Impairment of assets at Stolt Bitumen	**–**	(17,715)
SNL reorganisation costs	**–**	(2,221)
Corporate and Other operating loss	**$ (3,475)**	$ (28,790)

Excluding these one-time items, Corporate and Other operating loss decreased by $5.4 million due to lower profit sharing and long-term incentive plan costs.

LIQUIDITY AND CAPITAL RESOURCES

(in thousands)	For the years ended November 30, 2019	2018
Summary Cash Flows		
Net cash provided by operating activities:		
Net profit	**$ 19,061**	$ 53,990
Depreciation, impairment and amortisation	**260,053**	291,054
Gain on deconsolidation of Avenir LNG	**–**	(11,157)
Fair value loss on equity instruments	**–**	12,884
Share of profit of joint ventures and associates	**(23,176)**	(32,360)
(Gain) loss on disposal of assets	**(2,407)**	1,325
Finance expense, net of income	**136,183**	135,239
Income tax expense (benefit)	**18,534**	(7,701)
Fair value adjustment on biological assets	**5,123**	(5,452)
Other adjustments to reconcile net profit to net cash from operating activities	**9,032**	15,649
Changes in working capital assets and liabilities	**(3,775)**	3,350
Contributions to defined benefit pension plans	**(1,695)**	(1,824)
Dividends from joint ventures and associates	**15,902**	22,204
Other, net	**(3,499)**	(342)
Cash generated from operations	**429,336**	476,859
Net interest paid, including debt issuance costs	**(141,387)**	(135,199)
Income taxes paid	**(10,226)**	(13,608)
Net cash from operating activities	**$ 277,723**	$ 328,052
Cash flows from investing activities:		
Capital expenditures	**(156,297)**	(146,327)
Purchase of intangibles	**(7,284)**	(3,012)
Deposits for newbuildings	**–**	(7,326)
Sale of marketable securities	**25,904**	–
Investment in joint venture	**(382)**	(18,210)
Sale of associate	**749**	–
Repayment of (advances to) joint ventures and associates, net	**2,014**	(5,945)
Proceeds from sale of ships and other assets	**12,482**	11,674
Other	**(81)**	1,416
Net cash used in investing activities	**$ (122,895)**	$ (167,730)
Net cash used for financing activities:		
Repayment of long-term debt	**(916,060)**	(374,267)
Proceeds from issuance of long-term debt	**868,815**	270,291
Contribution by non-controlling interest	**1,020**	–
Principal payments on capital leases	**–**	(140)
Purchase of Treasury shares	**(4,367)**	(15,152)
Dividends paid	**(26,929)**	(27,465)
Net cash used in financing activities	**$ (77,521)**	$ (146,733)
Effect of exchange rate changes on cash	**(5,685)**	(7,368)
Net increase in cash and cash equivalents	**$ 71,622**	$ 6,221

Financial Review continued

Net cash provided by operating activities

In 2019, SNL generated cash from operations of $277.7 million, compared with $328.1 million in 2018. The decrease in cash generated from operations was owing to a weakened market at Stolt Tankers and Stolt Tank Containers, lower dividends from joint ventures and higher debt issuance costs.

Net cash used in investing activities

Net cash used in investing activities was $122.9 million in 2019, compared with $167.7 million in 2018.

The most significant uses of cash for investing during 2019 were:

i) capital expenditures of $156.3 million, $10.0 million higher than in 2018, and
ii) purchase of computer software of $7.3 million.

Offsetting the uses of cash were proceeds from the sale of ships and other assets of $12.5 million, compared with $11.7 million in 2018 and the sale of Avance Gas Holding Ltd (AGHL) shares for $25.9 million in 2019.

Cash capital expenditures by business are summarised below:

	For the years ended November 30	
(in thousands)	**2019**	2018
Stolt Tankers	**$ 61,156**	$ 41,060
Stolthaven Terminals	**70,376**	88,321
Stolt Tank Containers	**5,679**	5,320
Stolt Sea Farm	**18,062**	7,936
Corporate and Other	**1,024**	3,690
Total	**$ 156,297**	$ 146,327

During the year ended November 30, 2019, the Group spent $156.3 million on property, plant and equipment. Cash spent during the period primarily reflected:

i) $68.7 million on terminals projects including the Houston jetty, Santos expansion and Newcastle berth construction,
ii) $27.6 million on drydocking of ships,
iii) $33.6 million on tanker projects, including costs for life extensions, safety, environmental and regulatory assets,
iv) $5.7 million on the purchase of tank containers and construction at depots, and
v) $18.1 million on Stolt Sea Farm capital expenditures.

Net cash used in financing activities

Net cash outflow from financing activities totalled $77.5 million in 2019, compared with $146.7 million in 2018.

The significant cash sources from 2019 financing activities were net proceeds of long-term debt issuances of $868.8 million, compared with $270.3 million in 2018. The 2019 debt issuances comprised:

i) $241.6 million under a fixed-rate borrowing agreement, including eight ships,
ii) $415.6 million floating-rate facility with CMB Financial Leasing Co. LTD, including 20 ships,
iii) $8.8 million of additional debt raised by Stolt Sea Farm, and
iv) $200.0 million in Senior Secured Notes secured by the terminal in Braithwaite, Louisiana.

The principal uses of cash for financing activities in 2019 were:

i) $916.1 million in repayment of long-term debt and capital leases, compared with $374.3 million in 2018, and
ii) $26.9 million in dividend payments, compared with $27.5 million in 2018.

INDEBTEDNESS

SNL's total consolidated debt, excluding debt issuance costs, was $2,377.5 million as of November 30, 2019 and $2,419.3 million on November 30, 2018, as set forth in the table below:

(in thousands)	**2019**	2018
Long-term debt (including current portion)	**$ 2,377,488**	$ 2,079,252
Committed revolver, included in long-term debt	**–**	340,000
Total debt on Consolidated Financial Statements	**2,377,488**	2,419,252
Available unused facilities:		
Committed revolver	**303,000**	213,967
Collateralised share pledge facility	**40,000**	26,000
Uncommitted short-term bank loans	**45,000**	65,000
Total unused facilities	**388,000**	304,967
Total debt and unused facilities	**$ 2,765,488**	$ 2,724,219

Long-term debt in the table above excludes debt issuance costs of $32.0 million and $27.0 million as of November 30, 2019 and 2018, respectively.

Short-term debt

Short-term debt consists of debt obligations to banks under uncommitted lines of credit and bank overdraft facilities. Amounts borrowed pursuant to these facilities bear an average interest rate of 5.0% for the year ended November 30, 2019 and 4.9% for the year ended November 30, 2018. SNL classifies its committed collateralised share pledge facility as long-term debt, as there is no expectation of settlement within 12 months. As of November 30, 2019, the available committed revolving credit line amounted to $303.0 million (based on available collateral) and collateralised share pledge facility was $40.0 million. Future availability of both facilities is dependent on the amount of available collateral. Collateral values vary with fluctuations in ship and share prices. In addition, SNL has access to $45.0 million of uncommitted lines and overdraft facilities, which are unused. These can be withdrawn by the banks on short notice.

Long-term debt

Long-term debt consists of debt collateralised by mortgages on the SNL's ships, tank containers and terminals, unsecured bank loans at Stolt Sea Farm, $175.0 million of unsecured bonds denominated in US dollars as well as the $292.9 million unsecured bond financing denominated in NOK ($392.5 million or NOK 2,700 million after removing the effect of the cross-currency interest rate swaps). It does not include the off-balance sheet arrangements discussed below. SNL's long-term debt (including debt issuance cost) was $2,345.5 million and $2,392.2 million as of November 30, 2019 and 2018, respectively, as set forth below:

(in thousands)	**2019**	2018
Long-term debt	**$ 2,345,526**	$ 2,392,231
Less: Current maturities	**(287,006)**	(472,798)
	$ 2,058,520	$ 1,919,433

RECONCILIATION OF NET CASH FLOWS TO MOVEMENT IN NET DEBT

SNL had the following changes in net debt, which is defined as short-term loans and long-term debt and finance leases, less cash and cash equivalents.

(in thousands)	2019	2018
Increase in cash and cash equivalents for the year	$ (71,622)	$ (6,221)
Cash inflow from increase in debt	868,815	270,291
Cash outflow from repayments of debt and finance leases	(916,060)	(374,407)
Change in net debt resulting from cash flows	(118,867)	(110,337)
Currency movements	(5,482)	20,070
Debt issuance costs and other movements	6,022	6,565
Movement in net debt in the year	(118,327)	(83,702)
Opening net debt	2,327,702	2,411,404
Closing net debt	$ 2,209,375	$ 2,327,702

During 2019, SNL met its liquidity needs through a combination of cash generated from operations, borrowings from commercial banks, issuance of bonds and proceeds from the sale of assets.

Generally, Stolt Tankers was able to operate with a minimum of working capital by tight credit terms to customers, keeping accounts receivable to a minimum, and by obtaining standard credit terms of 30 to 90 days from most suppliers.

For Stolthaven Terminals and Stolt Tank Containers, a normal business operating cycle prevails with balanced credit terms. For Stolt Sea Farm, the production cycle for various farmed fish species is several months to years, requiring a normal working capital to finance inventory.

Ships, terminals, tank containers and investments in equity instruments can be an important source of liquidity, as these assets can be used to secure debt or can be sold and, if needed, leased back. SNL realised proceeds from the sale of ships, AGHL shares, investments in associates and other assets of $39.1 million in 2019, compared to $11.7 million in 2018.

SNL's objectives when managing capital are to safeguard its ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. SNL monitors capital on the basis of the ratio of debt to tangible net worth (shareholders' equity less intangible assets, non-controlling interests and other components of equity). At November 30, 2019, debt decreased by $46.7 million while tangible net worth decreased by $14.3 million from November 30, 2018. This was primarily due to declared dividends of $26.8 million and the purchase of treasury shares of $4.4 million partially offset by net profit of $19.1 million. The debt to tangible net worth ratio improved to 1.47 at November 30, 2019 from 1.48 at November 30, 2018. This is below the 2.00 threshold included as a debt covenant in most of SNL's debt agreements and SNL's targeted maximum ratio of 1.50.

OFF-BALANCE SHEET ARRANGEMENTS

In addition to the obligations recorded on SNL's consolidated balance sheets, certain commitments that will result in future cash outlays are not recorded on the Company's consolidated balance sheets. In addition to long-term debt interest payments, these off-balance sheet arrangements consist of operating leases, committed capital expenditures and the retained and contingent interests discussed below.

Operating leases

SNL's operating lease commitments were $301.2 million at November 30, 2019, compared with $314.5 million at November 30, 2018. As of November 30, 2019, SNL was obligated to make payments under long-term operating lease agreements for tankers, terminal facilities, tank containers, barges, computer and office equipment and offices. Certain of the leases contain clauses requiring payments in excess of the base amounts to cover operating expenses related to the leased assets.

Time charter of ships

In the past SNL entered into agreements with various ship owners for time charters of nine ships with stainless steel tanks. Over the years SNL has purchased seven of these ships and redelivered one ship. The remaining time charter was for an initial period of 96 months and includes options for SNL to extend the agreement for up to six additional years, of which a second option to extend by two years (until July 2020) has currently been exercised. SNL also has the option to purchase this ship at predetermined prices.

Financial Review continued

CONTRACTUAL OBLIGATIONS

SNL has various contractual obligations, some of which are required to be recorded as liabilities in the Consolidated Financial Statements. SNL's operating leases, committed capital expenditures, long-term debt interest payments and other executory contracts are not required to be recognised as liabilities on the Company's consolidated balance sheets. As of November 30, 2019, SNL's other purchase obligations were not material. The following summarises SNL's significant contractual obligations as of November 30, 2019, including those reported on the Company's consolidated balance sheet and others that are not:

(in thousands)	Total	Less than 1 yr	2-3 yrs.	4-5 yrs.	More than 5 yrs.
Contractual cash obligations:					
Long-term debt, including committed revolver[1]	$ 2,377,488	$ 292,594	$ 767,433	$ 347,397	$ 970,064
Operating leases	301,160	79,636	111,886	49,866	59,772
Committed capital expenditures	96,159	90,942	5,217	–	–
Long-term fixed rate debt interest payments	392,508	92,544	157,716	89,106	53,142
Long-term variable rate debt interest payments[2]	94,650	18,327	29,155	22,685	24,483
Derivative financial liabilities[2]	117,126	31,997	79,884	3,063	2,182
Pension and post-retirement benefit obligations[3]	2,268	2,268	–	–	–
Total contractual cash obligations:	$ 3,381,359	$ 608,308	$ 1,151,291	$ 512,117	$ 1,109,643

1. Excludes debt-issuance cost.
2. Long-term variable rate debt interest payments and derivative financial liabilities are based on the rates in effect at November 30, 2019. Derivative financial liabilities are based on undiscounted cash flows.
3. Pension and post-retirement benefits contributions – SNL includes these amounts based on current estimates of contributions to the pension plans that may be required. The Company has not disclosed possible payments beyond the next 12 months owing to the significant difficulty in forecasting these amounts with any accuracy.

FINANCIAL RISK MANAGEMENT

SNL is exposed to a variety of financial risks, including market risk, credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on SNL's financial performance. This is covered in more detail in the annual financial statements.

CRITICAL ACCOUNTING ESTIMATES

In the preparation of SNL's Financial Statements, there are a number of areas where assumptions have been made about the future, management judgements and estimates. Such areas could experience significantly different outcomes should these assumptions, judgements and estimates differ from actual results. The key areas where estimates and judgements make significant differences are:

- Voyage revenue and costs;
- Depreciation and residual values;
- Impairment review of ships;
- Goodwill impairment testing;
- Investments in joint ventures and associates;
- Insurance claims receivable and provisions;
- Pension and other post-retirement benefits.

To obtain a better understanding of SNL's detailed accounting policies in these areas, please see Note 2 to the Financial Statements included in the Annual Report.

PRINCIPAL RISKS

Each business segment considers strategic, operational and financial risks and identifies actions to mitigate those risks. These risk profiles are updated at least annually. The principal risks and uncertainties for the next financial year are discussed below.

Bunker fuel and freight costs

Bunker fuel constitutes one of the major operating costs of the tanker fleet and price changes can have a material impact on SNL's results. Although efforts are made to reduce the impact of price changes by passing bunker fuel costs through to customers or through the Company's bunker hedging programme, a significant portion is incurred solely by the Company. Approximately 70% of Stolt Tankers' STJS revenue in 2019 was derived from COA. Approximately 95% of these COA had provisions to pass through fluctuations in fuel prices to customers. As a result the expected cover from COA equals approximately 64% of the total deep-sea bunker price exposure. The profitability of the remaining Stolt Tankers' STJS revenue earned under COA and all spot revenue was directly impacted by changes in fuel prices, subject to the Company's hedging programme. In addition, the bunker surcharge clauses can result in the Company providing customers with rebates in periods of lower bunker prices. SNL's policy is to hedge a minimum of 50% of expected bunker purchases within the next 12 months, through either bunker surcharges clauses included in COA or through financial instruments. In June 2017, Stolt Tankers added hedges for the uncovered portion of the estimated bunker consumption through the next 24 months (third quarter of 2017 until second quarter of 2019). In January 2019 Stolt Tankers again added hedges for the uncovered portion through December 2019.

In 2019 this programme yielded $6.1 million in realised gains (offsetting bunker price increases since the start of the hedge programme) and $4.7 million in unrealised losses (mark-to-market of the remaining outstanding hedges).

On January 1, 2020, the International Maritime Organization (IMO) implemented a new regulation to reduce the amount of sulphur oxide. Ships are now required to use marine fuels with a sulphur content of no more than 0.50% against the previous limit of 3.50%.

Stolt Tankers is taking a multifaceted approach to low-sulphur fuel. Certain of the deep-sea newbuildings delivered in the past two years (including to joint ventures) have been fitted with wet hybrid scrubbers in order to reduce sulphur emission to a compliant level and there is the potential to expand this depending on operating experience. The rest of the Stolt Tankers fleet has switched to Marine Gas Oil or alternative fuels, depending on availability, usability and cost efficiency.

The majority of the COA portfolio now includes adapted bunker surcharge clauses to cover the higher fuel prices.

For Stolt Tank Containers, the impact of increased freight costs due to tight capacity on container ships in select markets, additional surcharges, and fluctuations in fuel prices can result in downward pressure on margins. Cost increases are passed on to customers when possible. Given quoted rate validity periods to customers, there is a negative impact on margins in periods of rising freight costs until rates can be increased.

Tanker and tank container industry risk

The tanker industry is cyclical and volatile, which may lead to reductions and/or volatility in freight rates, volumes and ship values. Fluctuations in the rates that Stolt Tankers can charge result from changes in the supply and demand for ship capacity and changes in the supply and demand for the products carried, particularly the bulk liquids, chemicals, edible oils, acids and other specialty liquids that are the majority of the products that the Company transports. Factors influencing demand include supply for products shipped, economic growth, environmental development and the distances that products are moved by sea. Factors influencing supply include the number of new ships and recycling of old ships, changes in regulations, and availability of newbuildings at shipyards.

Stolt Tankers mitigates this risk by actively managing the mix of business between COA and spot and utilises various tools to increase fleet flexibility and decrease risk. Contract business tends to be less volatile in terms of both rates and volumes than spot business. Management endeavours to increase the contract percentage and lengthen contract duration during periods of uncertainty or when management determines that market conditions are likely to deteriorate. In general, Stolt Tankers maintains a relatively high percentage of contract business. Stolt Tankers also actively manages its charter periods to allow a certain number of ships to be redelivered on short notice. Within the owned fleet, Stolt Tankers endeavours to maintain a balanced age profile. Through this technique, fleet size can be managed by early retirement of older ships when demand is soft and life extension of ships during periods of higher demand.

The tank container industry is cyclical and volatile, which may lead to reductions and/or volatility in freight rates and shipment volumes. Fluctuations in the rates that Stolt Tank Containers can charge its customers result from new competition attempting to aggressively grow market share combined with an over-supply of tank containers in the market. Stolt Tank Containers mitigates this risk by actively managing customer relationships and pricing as well as maintaining a balance of owned and leased tanks. Fleet size can easily be managed by the on-hire and off-hire of leased tanks.

Newbuilding risk

SNL spends substantial sums during the construction of parcel tanker newbuildings without earning revenue and without assurance that ships will be completed on time or at all. Avenir LNG have commitments in respect of these newbuildings, of which $105.6 million is with recourse to the Company.

The risks with respect to newbuildings arise because SNL is typically required to pay substantial amounts as progress payments during construction of a newbuilding, but does not derive any revenue from the ship until after its delivery. SNL's receipt of newbuildings could be delayed temporarily or indefinitely because of:

- Quality or engineering problems;
- Work stoppages or other labour disturbances at the shipyard;
- Bankruptcy or other financial crisis of the shipbuilder;
- A backlog of orders at the shipyard;
- SNL requests for changes to the original ship specifications; or
- Shortages of, or delays in, the receipt of necessary equipment or construction materials, such as steel.

If the delivery of a ship is materially delayed, it could adversely affect the business, results of operations, cash flow and financial condition. SNL manages these risks by agreeing to industry-standard provisions dealing with compensation for delays and rights to terminate the newbuilding contract. Any progress or down payments made by the Company under the newbuilding contracts are secured by refund guarantees issued by commercial banks or government institutions to cover the repayment obligation by the shipyards in case of a yard default.

Political and geopolitical risk

SNL has international operations, and the business, financial condition and results of operations may be adversely affected by changing economic, political and government conditions in the countries and regions where SNL's ships and tank containers are employed, and terminals are located.

SNL is also exposed to geopolitical risks where territorial and other disputes between countries could lead to the outbreak of war or the existence of international hostilities that could damage the world economy, adversely affect the availability of, and demand for, petroleum and chemical products and adversely affect SNL's ability to operate ships, terminals or tank containers. Moreover, SNL operates in a sector of the economy that is likely to be adversely affected by the impact of political instability, terrorist or other attacks, war or international hostilities.

For an effective and competitive global chemical shipping business, managing geopolitical risk is a strategic imperative. Cross-border expansion to facilitate corporate growth is a significant contributor to growth. In some cases, cargoes are located in or destined for troubled or developing markets where considerable cultural, infrastructure, security or technology challenges must be met. At the same time, economic and population growth, especially in Asia, is creating new demand for petroleum and chemical products. Sufficient supply must be in place with supporting infrastructure and distribution to meet demand in these high-growth markets.

Project development risks

Stolthaven Terminals is working on various projects at its wholly owned and joint venture terminals. The development of terminal operations and jetties involves significant up-front investment in infrastructure and there are risks inherent in such developments, including political, regulatory, currency exchange, liquidity, financial, contractual and structural risks. The occurrence of one or more of these risk factors could delay the project and result in increased project costs. Different countries carry varying degrees of risk depending on social, cultural, political and financial development and stability. Efforts are made to mitigate these risks by employing local country and regional representatives to act as liaisons with local authorities and to devise appropriate mitigating actions.

Financial Review continued

Stolt Sea Farm biological asset inventory price risk

All mature turbot and sole are held at fair value less costs of sale and costs related to harvest. Sturgeon and the caviar they produce are fair valued at the point of harvest. A fair-value adjustment is also made at the point when previously juvenile turbot and sole are considered to become mature, which typically occurs when the fish reach a specified weight. Fair value is determined on the basis of market prices, and gains and losses from changes in fair value are recognised in the income statement.

The fair value of these assets fluctuates significantly based upon the season, competition, market conditions and existing supply. The fair-value adjustment recognised in the current year was a loss of $5.1 million in operating profit, compared with a $5.5 million gain in 2018. There is a risk that the fair value adjustment recognised in a year could negatively impact SNL's income statement.

Currency risk

Most of the revenue earned by Stolt Tankers and Stolt Tank Containers is denominated in US dollars, whilst a significant portion of the divisions' operating expenses is incurred in other currencies, primarily the euro, the Norwegian kroner, the Singapore dollar, Japanese yen, Philippines peso and the British pound. When there is a mismatch between revenue and expense currencies, any depreciation of the revenue currency relative to the expense currency will decrease profit margins.

On average in 2019, the US dollar has strengthened by approximately 3% against the euro, causing an increase in profit margins. SNL's foreign currency hedging policy is to hedge approximately 50% to 80% of the Company's expected future foreign currency operating exposures.

Cyber risk

There is a risk that an external third party could gain unauthorised access to SNL's information technology systems for the purpose of financial gain, industrial espionage, sabotage or terrorism.

SNL has virus, spam and malware protection, an isolated environment for its business applications, firewalls and other network and data centre protection and an identity management system. As with all companies, these security measures are subject to third-party security breaches, employee error, malfeasance, faulty password management or other irregularities. For example, third parties may attempt to fraudulently induce employees or customers into disclosing user names, passwords or other sensitive information, which may in turn be used to access SNL's information technology systems.

SNL devotes significant resources to network security, data encryption and other security measures to protect its systems and data, but these security measures cannot provide absolute security. To the extent SNL was to experience a breach of its systems and was unable to protect sensitive data, such a breach could negatively impact SNL's financial position.

Disease outbreaks and pandemic risks

SNL operations are global in nature and rely on a significant number of operational staff and third-party suppliers to run smoothly. As has been evidenced by the recent Coronavirus outbreak, disease outbreaks can put significant restrictions on the movement of people and their ability to get to their place of work as well as restrictions on the operations of our assets. Although SNL's ship operations have continued mostly uninterrupted, there has been a delay in the performance of shore-side support operations. Tank containers are dependent on SNL container depots for cleaning and pre-load preparations, and the depots are reliant on the employees being able to come to work, and third party truckers and rail lines being able to transport the containers. Where the movement of people and transport operations have been restricted, this could limit SNL's ability to meet commitments to customers and could impact financial results. Likewise, SNL ships and terminals are dependent on people to operate. Any outbreak onboard our ships or at one of our terminals could impact operations of individual assets. The severity of the impact of such disruptions depend on the spread and duration of the disease. Furthermore, the reduction in economic activity in China following the coronavirus outbreak will result in reduced movements of goods, which could have a direct impact on the demand for SNL services, and could result in reduced utilisation and lower revenue. To the extent possible, business continuity plans have been updated and implemented to mitigate any negative impact on the businesses from a wide spread and long-lasting disease of the coronavirus type.

TREASURY SHARES

At November 30, 2019, SNL held 3,610,000 treasury shares. See Note 30 in the consolidated financial statements and Note 14 in the Unconsolidated Stolt-Nielsen Limited Audited Financial Statements included as Appendix 1 of the consolidated financial statements.

GOING CONCERN

The annual Financial Statements have been prepared under the going concern assumption.

SUBSEQUENT EVENTS

See Note 33 in the Consolidated Financial Statements for significant events occurring after November 30, 2019.

Independent auditors' report to the members of Stolt-Nielsen Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion, Stolt-Nielsen Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 30 November 2019 and of the group's and the company's profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 1981 (Bermuda).

We have audited the financial statements, included within the Annual Report, which comprise: the group consolidated and parent company balance sheets as at 30 November 2019; the group consolidated and parent company income statements and statements of comprehensive income, the group consolidated and parent company statements of cash flows, and the group consolidated and parent company statements of changes in shareholders' equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

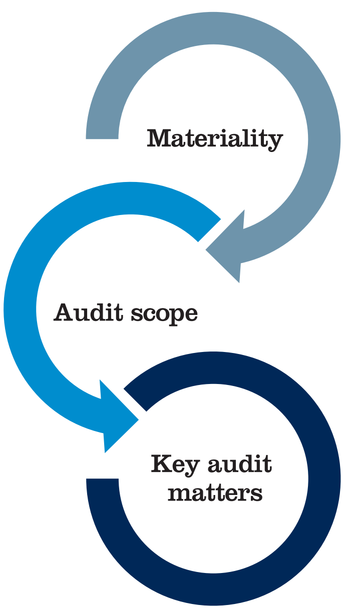
We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the Financial Reporting Council (FRC)'s Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our audit approach

Overview



Materiality:
- Overall group materiality: $20.3m (2018: $21.3m), based on 1% of revenue.
- Overall company materiality: $12m (2018: $19.1m), based on 1% of total assets, restricted to the amount allocated from the overall group materiality.

Audit scope:
- Full scope audit of Stolt Tank Containers and the main trading entities within Stolt Tankers, the largest trading divisions of the group;
- Full scope audits of Property Plant and Equipment at the Singapore and Houston terminals within the Stolthaven Terminals division.
- Specified procedures over certain financial statement line items for Stolt Sea Farm Spain, Stolt Sea Farm Iceland, certain Stolt Tankers entities and the shared service centre in Manila.
- Audit of certain financial statement line items across the group, including cash, tax and payroll.
- The UK group engagement team undertook site visits to The United States of America and The Netherlands, where full scope audits were performed.
- The reporting locations subject to audit procedures accounted for 78% of the group's revenue and 83% of the group's total assets.

Key audit matters:
- Impairment of assets (group).
- Accounting for Claims (group).
- Voyage revenue recognition (group).
- Accounting for interest on intercompany loans (company).

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Independent auditors' report to the members of Stolt-Nielsen Limited continued

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Impairment of assets (group) Impairment indicators were considered to be present during the fourth quarter of the financial year as the carrying value of the assets on the group balance sheet was higher than the market capitalisation of the Stolt-Nielsen Limited group. The value of the Stolt Tankers fleet on the balance sheet is material at $1.76bn and we have identified a significant audit risk that the carrying value of the assets may not be recoverable. In addition to the Tankers fleet, we also identified other areas of the business where the assets held on the balance sheet may not be fully recoverable. The impairment of assets is considered to be a key audit matter due to the significant judgement inherent in the impairment review itself and the fact that any changes in the assumptions made by management would have a direct impact on the impairment assessment. Management's assessment of the value in use of the Tankers fleet, and other assets under consideration, involves judgement around the future results of the business, particularly assumptions around long-term growth rates, and in determining the discount rates to be applied to future cash flow forecasts.	We performed the following procedures. • Compared the impairment assessments performed by management to the relevant accounting guidance in IAS 36 – Impairment of assets. • Assessed the methodology applied in determining the value in use and checking the integrity and mathematical accuracy of the models • Assess the key assumptions, which include sailed in rates, discount rates, cost escalation rates, growth rates, and bunker price curves, used in the value in use model with reference to historical trading performance, market expectations and strategic initiatives. This also included testing the accuracy of historical budgets and assessing the appropriateness of the future residual values. • Assessed the long term growth rates and discount rates applied in the impairment review, comparing the rates used to external data and involving our valuations experts where appropriate. • Performed sensitivity analysis on key assumptions to consider the extent to which a change in those assumptions (either collectively or individually) would be required for the assets to be impaired, in particular, the assumptions over discount rates, sailed in rates, cost escalation rates, bunker price curves and growth rates. • Assessed the fair value assumptions with reference to similar market transactions where applicable. • Cross-checked the output of these sensitivities on the value in use model with other valuation indicators – such as broker valuations and transaction multiples. • Assessed the adequacy of the impairment related disclosures in the financial statements. Based on the procedures performed, we noted no material issues from our work.
Voyage revenue recognition (group) The Stolt Tankers division has recognised $1.15bn of revenue in 2019 which is recognised over time using an estimated percentage of completion for voyages in progress at the balance sheet date. This is considered to be a key audit matter due to the complexity of the revenue recognition policies for Stolt Tankers. We have assessed that the revenue in this division carries a higher risk of material error as its calculation is more judgemental in nature. In particular, we focussed our audit effort on the calculation of voyage revenue and costs, and estimates over the percentage of completion of voyages at year end, due to the inherent level of estimation uncertainty in these areas.	We have performed the following procedures: • Assessed the methodology for estimating and reviewing the amount of revenue recognised at the year end and compared this to the relevant accounting guidance under IFRS 15, Revenue from contracts with customers. • Understood and tested key controls across the revenue cycle, including those over key systems, automated calculations and manual processes. • Obtained a sample of voyage contracts to understand the key terms relevant to the recognition of revenue in the year. • Compared the estimated percentage completion at the year end to the actual percentages post year end and also considered the accuracy of the opening balance sheet position in a similar manner. • Agreed a sample of revenue recorded throughout the year to cash receipts. • Performed subsequent receipts testing for a sample of revenue transactions recorded pre year end. • Tested post year end credit notes to assess the accuracy of the year end position. • Tested the voyage revenue cut off by agreeing a sample of revenue accruals and revenue items recorded pre year-end to supporting documentation. • Tested a targeted sample of aged voyage accounting items on the balance sheet to assess the recoverability of the associated assets and adequacy of voyage accruals. Based on the procedures performed, we noted no material issues from our work.

Key audit matter	How our audit addressed the key audit matter
Insurance claims receivable (group) Management make judgements about the group's exposure to legal claims, and the amounts recoverable under insurance, in relation to claims associated with incidents involving the MSC Flaminia, Stolt Commitment and Stolt Groenland. At 30 November 2019 there was a provision of $207.8m in relation to these claims, and an associated insurance reimbursement receivable, recorded on the balance sheet. This is considered to be a key audit matter because there is an inherent level of estimation uncertainty in assessing the group's exposure to claims from third parties and the recoverability of amounts from insurance providers. In particular we have focussed our audit effort on assessing management's exposure to claims with reference to guidance received from legal counsel, and assessing whether insurance claim receivables meet the threshold of 'virtually certain' required in order for them to be recognised on the balance sheet.	We requested confirmations from the group's insurance providers with respect to the status of insurance claims under their policies. Where direct confirmations were not obtained, we performed alternative procedures including a review of insurance policies and inquiry of third-party providers, as well as assessing payments made by the insurance providers to assess the recoverability of amounts recorded. • In evaluating the group's exposure to third party claims, we obtained the views of both internal and external legal counsel to consider the outcome of prior year litigation, including developments and settlements, and the status of new claims. • We evaluated the group's accounting for the insurance claims, amount recoverable under insurance and cash received to date. We have also assessed management's estimate of future settlements of outstanding claims with reference to claims received and representations from external legal counsel. • Assessed the adequacy of insurance related disclosures in the financial statements. Based on the work performed, we did not identify any material error or fraud.
Accounting for interest on intercompany loans (company) The company holds intercompany loan balances (as detailed in notes 8 and 12 to the company financial statements), some of which are interest bearing. As described in note 2 to the company financial statements, management identified that interest income of $37.7m on an intercompany loan receivable had been omitted from the company financial statements for the year ended 30 November 2018. Management concluded that this omission was material and restated the financial information for the year ended 30 November 2018 appearing in the company financial statements.	We performed the following procedures. • We evaluated management's assessment of the materiality of the identified error and the conclusion that a restatement of the previously presented financial information was required. • We considered the implications on internal control over financial reporting and management's process changes in response to this matter. • We tested the correcting accounting entries by agreeing amounts to supporting documentation and checking the mathematical accuracy of all calculations. • We obtained details of all intercompany loans outstanding at 30 November 2018 and 2019 to ensure that all interest bearing loans were identified and accounted for appropriately. • Assessed the adequacy of the associated risks disclosures in the financial statements for the restatement. Based on the procedures performed, we noted no material issues from our work.

Independent auditors' report to the members of Stolt-Nielsen Limited continued

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the group and the company, the accounting processes and controls, and the industry in which they operate.

Stolt-Nielsen Limited has five significant divisions that operate globally: Stolt Tankers which operates chemical tankers for the transportation of bulk-liquid chemicals, oils, acids and clean petroleum products; Stolthaven Terminals which provides storage for bulk-liquid chemicals, oils, acids and clean petroleum products; Stolt Tank Containers which provides transportation for bulk-liquid chemicals and food-grade products; Stolt Sea Farm which operates farms producing premium fish species; Corporate and Other, which includes Stolt Bitumen Services (which transports Bitumen in South East Asia) and Stolt-Nielsen Gas (which focuses mainly on the development of LNG supply chains). The group also has a number of subsidiaries, joint ventures and associates, including those within the significant divisions mentioned. The group also operates a shared service centre in Manila. Our scoping considerations for the group audit were based both on financial significance and risk.

Using audit teams based in Rotterdam, Houston and Manila, we have performed full scope audits of Stolt Tank Containers USA and of the Deep Sea Trading and Owning divisions of Stolt Tankers, due to the financial significance of these components. In addition Specified procedures over Stolt Tankers payroll and Stolt-Nielsen Inter-Europe Service (SNIES) operating expenses were performed alongside desktop review procedures for other fleets.

For Stolthaven Terminals, a full scope audit of Property, Plant and Equipment has been carried out at Stolthaven Houston and Stolthaven Singapore.

For Stolt Sea Farm specified procedures have been performed over certain material financial statement line items in Stolt Sea Farm Spain and Sea Farm Iceland, each by our local teams in these territories.

Certain procedures have also been performed at a group level in London over additional items, including cash, long term debt and payroll, to gain coverage over these financial statement line items as a whole across the group. Procedures are performed on certain processes undertaken by the shared service centre in Manila to the extent that those processes contribute to the financial information of the components as noted above. Work is also performed over centralised functions such as tax, treasury, legal and pensions, as well as the consolidation, by the group team in London.

Where work was performed by teams outside of the UK, we determined the level of independent involvement needed at those local operations to be able to conclude whether sufficient, appropriate audit evidence had been obtained as a basis for our opinion on the consolidated financial statements as a whole. We issued formal, written instructions to the teams outside the UK, setting out the work to be performed by each of them and maintained regular communication throughout the audit cycle. These interactions included participating in planning and clearance meeting with our teams in The Netherlands and The United States of America, holding regular conference calls, site visits to certain component locations including Rotterdam and Houston, as well as reviewing working papers remotely and assessing matters reported.

In total the work performed accounted for 78% of consolidated group revenue and 83% of the group's total assets. At the group level we also carried out analytical and other procedures on the components not covered by the procedures described above.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Company financial statements
Overall materiality	\$20.3m (2018: \$21.3m).	\$12m (2018: \$19.1m).
How we determined it	1% of Revenue.	1% of total assets, restricted to the amount allocated from the overall group materiality.
Rationale for benchmark applied	Based on the benchmarks used in the annual report, revenue is the primary measure generally used by the shareholders in assessing the performance of the group.	We believe that total assets is the primary measure used by the shareholders in assessing the performance of this entity.

For each component in the scope of our group audit, we allocated a materiality that is less than our overall group materiality. The range of materiality allocated across components was between \$1.5m and \$12m. Certain components were audited to a local statutory audit materiality that was also less than the allocated group materiality.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above \$1.0m (Group audit) (2018: \$0.5m) and \$1.0m (Company audit) (2018: \$0.5m) as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern.

For example, the terms of the United Kingdom's withdrawal from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the group's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Responsibility Statement set out on page 113, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Section 90 of the Companies Act 1981 (Bermuda) and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Gregory Briggs (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Uxbridge

MARCH 17, 2020

Consolidated Income Statement

(in thousands, except per share data)	Notes	For the years ended November 30, 2019	2018
Operating Revenue	3, 4	**$ 2,037,383**	$ 2,125,495
Operating Expenses	5	**(1,423,359)**	(1,460,958)
		614,024	664,537
Depreciation and amortisation	14, 15	**(254,553)**	(264,664)
Impairment of assets	14, 15, 20	**(5,500)**	(26,390)
Gross Profit		**353,971**	373,483
Share of profit of joint ventures and associates	16	**23,176**	32,360
Administrative and general expenses	5	**(206,020)**	(223,137)
Gain (loss) on disposal of assets, net	7	**2,407**	(1,325)
Other operating income		**2,354**	6,405
Other operating expense	5	**(806)**	(678)
Operating Profit		**175,082**	187,108
Non-Operating Income (Expense)			
Finance expense	8	**(139,316)**	(139,111)
Finance income	8	**3,133**	3,872
Foreign currency exchange loss, net		**(2,385)**	(4,971)
Other non-operating income (expense), net	16, 17	**1,081**	(609)
Profit before Income Tax		**37,595**	46,289
Income tax (expense) benefit	9	**(18,534)**	7,701
Net Profit		**$ 19,061**	$ 53,990
Attributable to:			
Equity holders of SNL		**21,043**	54,850
Non-controlling interests		**(1,982)**	(860)
		$ 19,061	$ 53,990
Earnings per Share:			
Net profit attributable to SNL Shareholders			
Basic	31	**$ 0.35**	$ 0.89
Diluted	31	**$ 0.35**	$ 0.89

Notes 1 to 33 are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Comprehensive Income

(in thousands)	Notes	For the years ended November 30, 2019	2018
Net profit for the year		**$ 19,061**	$ 53,990
Items that will not be reclassified subsequently to profit or loss:			
Actuarial (loss) gain on pension schemes	25	**(13,158)**	14,254
Actuarial loss on pension scheme of joint venture	16	**(497)**	(844)
Deferred tax adjustment on defined benefit and other post-employment benefit obligations	9	**3,554**	(6,287)
Items that may be reclassified subsequently to profit or loss:			
Net (loss) income on cash flow hedges		**(62,637)**	33,311
Reclassification of cash flow hedges to income statement		**37,747**	(12,414)
Net (loss) income on cash flow hedges held by joint ventures and associates	16	**(6,903)**	3,452
Deferred tax adjustment on cash flow hedges	9	**729**	(323)
Exchange differences arising on translation of foreign operations		**(16,868)**	(32,766)
Deferred tax on translation of foreign operations	9	**222**	766
Exchange differences arising on translation of joint ventures and associates	16	**(9,506)**	(12,420)
Change in value of investment in equity instruments	17	**(17,967)**	1,580
Net loss recognised as other comprehensive income		**(85,284)**	(11,691)
Total comprehensive (loss) income		**$ (66,223)**	$ 42,299
Attributable to:			
Equity holders of SNL		**$ (64,241)**	$ 43,159
Non-controlling interests		**(1,982)**	(860)
		$ (66,223)	$ 42,299

Notes 1 to 33 are an integral part of these Consolidated Financial Statements.

Consolidated Balance Sheet

(in thousands)	Notes	As of November 30, 2019	2018
ASSETS			
Current Assets:			
Cash and cash equivalents	10	**$ 136,151**	$ 64,529
Restricted cash	10	**189**	167
Receivables, net	11	**217,909**	243,910
Inventories, net	12	**8,093**	9,043
Biological assets	13	**42,198**	50,585
Prepaid expenses		**73,936**	71,456
Derivative financial instruments	21	**143**	4,599
Income tax receivable		**8,599**	6,833
Assets held for sale	16	**389**	998
Other current assets		**30,568**	32,480
Total Current Assets		**518,175**	484,600
Property, plant and equipment	14	**3,139,125**	3,260,693
Investments in and advances to joint ventures and associates	16	**542,528**	554,506
Investment in equity instruments	17	**30,334**	74,205
Deferred tax assets	9	**10,320**	12,071
Intangible assets and goodwill	15	**49,591**	47,262
Employee benefit assets	25	**9,694**	6,812
Derivative financial instruments	21	**–**	4,858
Insurance claim receivables	18	**207,771**	–
Other non-current assets		**15,548**	13,149
Total Non-Current Assets		**4,004,911**	3,973,556
Total Assets		**$ 4,523,086**	$ 4,458,156
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities:			
Current maturities of long-term debt	23	**$ 287,006**	$ 472,798
Accounts payable	19	**94,158**	83,245
Accrued voyage expenses and unearned revenue		**53,544**	68,634
Dividend payable	30	**13,457**	13,549
Accrued expenses		**153,273**	174,821
Provisions	26	**5,119**	3,751
Income tax payable	9	**13,651**	12,216
Derivative financial instruments	21	**35,133**	40,918
Other current liabilities		**33,095**	38,675
Total Current Liabilities		**688,436**	908,607
Long-term debt and finance leases	23	**2,058,520**	1,919,433
Deferred tax liabilities	9	**47,521**	46,215
Employee benefit liabilities	25	**43,508**	27,143
Derivative financial instruments	21	**87,980**	72,765
Long-term provisions	26	**209,386**	3,487
Other non-current liabilities		**11,070**	4,849
Total Non-Current Liabilities		**2,457,985**	2,073,892
Total Liabilities		**3,146,421**	2,982,499
Shareholders' Equity	30		
Founder's Shares		**16**	16
Common Shares		**64,134**	64,134
Paid-in surplus		**149,808**	150,108
Retained earnings		**1,507,520**	1,514,851
Other components of equity		**(274,735)**	(188,703)
		1,446,743	1,540,406
Less – Treasury shares		**(71,005)**	(66,638)
Equity Attributable to Equity Holders of SNL		**1,375,738**	1,473,768
Non-controlling interests		**927**	1,889
Total Shareholders' Equity		**1,376,665**	1,475,657
Total Liabilities and Shareholders' Equity		**$ 4,523,086**	$ 4,458,156

Notes 1 to 33 are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Changes in Shareholders' Equity

(in thousands)	Common Shares	Founder's Shares	Paid-in surplus	Treasury shares	Retained earnings	Foreign currency (a)	Hedging (a)	Fair value (a)	Attributable to Equity Holders of SNL	Non-controlling interests	Total
Balance, November 30, 2017	**$ 64,134**	**$ 16**	**$ 150,108**	**$ (51,486)**	**$ 1,483,143**	**$ (106,645)**	**$ (17,430)**	**$ (45,814)**	**$ 1,476,026**	**$ 2,803**	**$ 1,478,829**
Comprehensive income (loss)											
Net profit (loss)	–	–	–	–	54,850	–	–	–	54,850	(860)	53,990
Other comprehensive income (loss)											
Translation adjustments, net	–	–	–	–	–	(44,420)	–	–	(44,420)	–	(44,420)
Remeasurement of post-employment benefit obligations, net of tax	–	–	–	–	7,123	–	–	–	7,123	–	7,123
Fair value adjustment equity investments	–	–	–	–	–	–	–	1,580	1,580	–	1,580
Net income on cash flow hedges and reclassifications to income statement, net of taxes	–	–	–	–	–	–	24,026	–	24,026	–	24,026
Total other comprehensive income (loss)	–	–	–	–	7,123	(44,420)	24,026	1,580	(11,691)	–	(11,691)
Total comprehensive income (loss)	**–**	**–**	**–**	**–**	**61,973**	**(44,420)**	**24,026**	**1,580**	**43,159**	**(860)**	**42,299**
Transactions with Shareholders											
Cash dividends paid-$0.50 per Common Share (b)	–	–	–	–	(27,124)	–	–	–	(27,124)	–	(27,124)
Cash dividends paid-$0.005 per Founder's Share (b)	–	–	–	–	(76)	–	–	–	(76)	–	(76)
Dilution of an investment in a joint venture	–	–	–	–	(3,065)	–	–	–	(3,065)	–	(3,065)
Deconsolidation of Avenir LNG Limited	–	–	–	–	–	–	–	–	–	(54)	(54)
Purchase of own shares	–	–	–	(15,152)	–	–	–	–	(15,152)	–	(15,152)
Total transactions with Shareholders	**–**	**–**	**–**	**(15,152)**	**(30,265)**	**–**	**–**	**–**	**(45,417)**	**(54)**	**(45,471)**
Balance, November 30, 2018	**$ 64,134**	**$ 16**	**$ 150,108**	**$ (66,638)**	**$ 1,514,851**	**$ (151,065)**	**$ 6,596**	**$ (44,234)**	**$ 1,473,768**	**$ 1,889**	**$ 1,475,657**
Adjustments on transition to IFRS 15	–	–	–	–	(2,284)	–	–	–	(2,284)	–	(2,284)
Adjusted balance, November 30, 2018	**$ 64,134**	**$ 16**	**$ 150,108**	**$ (66,638)**	**$ 1,512,567**	**$ (151,065)**	**$ 6,596**	**$ (44,234)**	**$ 1,471,484**	**$ 1,889**	**$ 1,473,373**
Comprehensive income (loss)											
Net profit (loss)	–	–	–	–	21,043	–	–	–	21,043	(1,982)	19,061
Other comprehensive income (loss)											
Translation adjustments, net	–	–	–	–	–	(26,152)	–	–	(26,152)	–	(26,152)
Remeasurement of post-employment benefit obligations, net of tax	–	–	–	–	(10,101)	–	–	–	(10,101)	–	(10,101)
Fair value adjustment on equity investments	–	–	–	–	–	–	–	(17,967)	(17,967)	–	(17,967)
Transfer upon sale of Avance Gas Holdings Ltd shares	–	–	–	–	10,849	–	–	(10,849)	–	–	–
Net loss on cash flow hedges and reclassifications to income statement, net of taxes	–	–	–	–	–	–	(31,064)	–	(31,064)	–	(31,064)
Total other comprehensive income (loss)	–	–	–	–	748	(26,152)	(31,064)	(28,816)	(85,284)	–	(85,284)
Total comprehensive income (loss)	**–**	**–**	**–**	**–**	**21,791**	**(26,152)**	**(31,064)**	**(28,816)**	**(64,241)**	**(1,982)**	**(66,223)**
Transactions with Shareholders											
Cash dividends paid-$0.50 per Common Share (c)	–	–	–	–	(26,762)	–	–	–	(26,762)	–	(26,762)
Cash dividends paid-$0.005 per Founder's Share (c)	–	–	–	–	(76)	–	–	–	(76)	–	(76)
Contributions from non-controlling interests	–	–	–	–	–	–	–	–	–	1,020	1,020
Transactions with shareholders	–	–	(300)	–	–	–	–	–	(300)	–	(300)
Purchase of own shares	–	–	–	(4,367)	–	–	–	–	(4,367)	–	(4,367)
Total transactions with Shareholders	**–**	**–**	**(300)**	**(4,367)**	**(26,838)**	**–**	**–**	**–**	**(31,505)**	**1,020**	**(30,485)**
Balance, November 30, 2019	**$ 64,134**	**$ 16**	**$ 149,808**	**$ (71,005)**	**$ 1,507,520**	**$ (177,217)**	**$ (24,468)**	**$ (73,050)**	**$ 1,375,738**	**$ 927**	**$ 1,376,665**

(a) Other components of equity on the balance sheet of $274.7 million and $188.7 million at November 30, 2019 and 2018, respectively, are composed of foreign currency, hedging and fair value.

(b) The $27.1 million is the 2017 final and 2018 interim dividend for Common Shares and $0.1 million for Founder's Shares.

(c) The $26.8 million is the 2018 final and 2019 interim dividend for Common Shares and $0.1 million for Founder's Shares.

Notes 1 to 33 are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Cash Flows

(in thousands)	Notes	For the years ended November 30, 2019	2018
Cash generated from operations	32	**$ 429,336**	$ 476,859
Interest paid		**(132,037)**	(137,020)
Debt issuance costs		**(12,541)**	(877)
Interest received		**3,191**	2,698
Income taxes paid		**(10,226)**	(13,608)
Net cash generated from operating activities		**277,723**	328,052
Cash flows from investing activities			
Capital expenditures		**(156,297)**	(146,327)
Purchase of intangible assets	15	**(7,284)**	(3,012)
Investment in joint venture	16	**(382)**	(18,210)
Deposit for newbuildings		**–**	(7,326)
Proceeds from sales of assets		**12,482**	11,674
Repayment of advances (advances) to joint ventures and associates, net	16	**2,014**	(5,945)
Acquisition of shares of Stolt-Nielsen Gas Ltd.		**(300)**	–
Sale of AGHL shares		**25,904**	–
Sale of associate		**749**	–
Other, net		**219**	1,416
Net cash used in investing activities		**(122,895)**	(167,730)
Cash flows from financing activities			
Proceeds from issuance of long-term debt	23	**868,815**	270,291
Repayment of long-term debt	23	**(916,060)**	(374,267)
Finance lease payments	23	**–**	(140)
Contribution by non-controlling interest		**1,020**	–
Purchase of treasury shares	30	**(4,367)**	(15,152)
Dividends paid	30	**(26,929)**	(27,465)
Net cash used in financing activities		**(77,521)**	(146,733)
Net increase in cash and cash equivalents		**77,307**	13,589
Effect of exchange rate changes on cash		**(5,685)**	(7,368)
Cash and cash equivalents at beginning of year		**64,529**	58,308
Cash and cash equivalents at end of year		**$ 136,151**	$ 64,529

Notes 1 to 33 are an integral part of these Consolidated Financial Statements.

Notes to the Financial Statements

1. GENERAL INFORMATION

Stolt-Nielsen Limited (the "Company" or "SNL") and its subsidiaries (collectively, the "Group"), through its divisions, Stolt Tankers, Stolthaven Terminals and Stolt Tank Containers, is engaged in the worldwide business of transporting, storing and distributing liquids which includes the tankers, tank containers and terminals divisions. The transportation business covers the worldwide transport, storage, and distribution of bulk liquid chemicals, edible oils, acids, and other specialty liquids.

The Group is also engaged in the seafood business, which is carried out through Stolt Sea Farm ("SSF"), which produces, processes and markets turbot, sturgeon, caviar and sole. Furthermore, the Group has an investment in the gas industry through its 2.3% holding of Golar LNG Limited ("Golar") and its 45.0% holding of Avenir LNG Limited ("Avenir LNG"). Golar is an independent owner and operator of liquefied natural gas ("LNG") carriers while Avenir LNG supplies LNG for the power, bunkering, trucking and industrial markets.

The Company is listed on the Oslo Stock Exchange under the ticker symbol SNI and is registered in Bermuda (Registration Number EC 44330).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The Consolidated Financial Statements of the Group have been prepared using accounting policies consistent with International Financial Reporting Standards as adopted by the European Union ("IFRS") and interpretations issued by the IFRS Interpretations Committee.

The Consolidated Financial Statements are prepared and published according to the provisions of the Bermuda company law.

The presentation currency used in these Consolidated Financial Statements is the US dollar. The functional currency of the Company is the US dollar.

Notwithstanding the Group having net current liabilities, Management is of the opinion that the Group's cash flows from operations and available credit facilities will continue to provide the cash necessary to satisfy the Group's working capital requirements and capital expenditures, as well as to make scheduled debt repayments, remain in compliance with the Group's financial covenants and satisfy the Group's other financial commitments for the foreseeable future. In addition, the Group issued $141.5 million of Nordic bond debt in February 2020 (see Note 33, Subsequent events). The Group currently has adequate liquidity to fully repay the Nordic bond debt of $147.6 million upon maturity in April 2020 and satisfy all other current commitments of the Group. The Group expects to repay the $231.7 million (NOK 1,450 million) Nordic bond debt which matures in March 2021 using a combination of new bond issuances and available liquidity. Therefore, the Group continues to adopt the going concern basis in preparing its Consolidated Financial Statements.

Separate Financial Statements of the Parent Company, Stolt-Nielsen Limited, are included.

Basis of measurement

The Consolidated Financial Statements are prepared on the historical cost basis except for derivative financial instruments, financial instruments measured at fair value through other comprehensive income or fair value through profit and loss, defined benefit plan assets and biological assets, all of which are stated at their fair value. Non-current assets and disposal groups held for sale are stated at the lower of previous carrying amount and fair value less costs of disposal.

Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists where either a parent entity is exposed, or has rights to, variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. A parent entity has power over the subsidiary when it has existing rights to direct the relevant activities of the subsidiary. The relevant activities are those that significantly affect the subsidiary's returns. The ability to approve the operating and capital budget of a subsidiary and the ability to appoint key management personnel are decisions that demonstrate that the Group has the existing rights to direct the relevant activities of a subsidiary. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account.

The Financial Statements of subsidiaries are included in the Consolidated Financial Statements from the date that control begins until the date that control ceases. Where necessary, adjustments are made to the Financial Statements of subsidiaries to bring the accounting policies used in line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Notes to the Financial Statements continued

Foreign currency

(i) Foreign currency transactions

The individual Financial Statements of all Group companies are presented in the functional currency of the primary economic environment in which the subsidiaries and equity method investees operate.

Transactions in foreign currencies are translated at the foreign exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the foreign exchange rate prevailing at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are not retranslated, while non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates prevailing at the dates the fair values were determined.

Foreign exchange differences arising on retranslation are recognised in the income statement, except for those differences arising from hedging and monetary balances with foreign operations where settlement is not planned and unlikely to occur, which are recorded in other comprehensive income. Differences related to hedging of operating expenses are also recorded in operating expenses.

(ii) Foreign operations

For the purpose of presenting Consolidated Financial Statements, the assets and liabilities of the Group's foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated at foreign exchange rates prevailing at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the period where this rate approximates the foreign exchange rates at the dates of the transactions. The differences are recorded in other comprehensive income.

Other significant accounting policies

Accounting policies for individual balance sheet and income statement accounts are included in the respective footnotes.

New standards that are not yet effective

The following standards, issued by the International Accounting Standard Board ("IASB"), are not yet effective:

IFRS 16, Leases ("IFRS 16") is effective for the Group from December 1, 2019. IFRS 16 will have a material impact on the Financial Statements of the Group owing to the nature, number and complexity of lease contracts to which the Group is committed at transition. IFRS 16 removes the current distinction between operating and financing leases and requires recognition of a right-to-use asset and a financial liability to pay rentals for virtually all lease contracts. IFRS 16 will primarily affect the accounting by lessees and will result in the recognition of almost all leases on the balance sheet. An optional exemption exists for short-term and low-value leases. On an on-going basis, lessees recognise interest expense on the lease liability and a depreciation charge on the right-to-use asset.

The key impacts on the financial statement are as follows:

- The use of the effective interest method on the lease liability and straight-lined method on the right-to-use assets results in total expenses being higher in the earlier years of a lease and lower in later years.
- Key metrics like Earnings before interest, taxes, depreciation and amortisation ("EBITDA") will increase, though operating expense will reduce.
- While IFRS 16 will not change net cash flows, operating cash flows will be higher as cash payments for the principal portion of the lease liability are classified within financing activities. Only the part of the payments that reflects interest will continue to be presented as operating cash flows.
- Right-to-use assets and financial liabilities will increase since all leases will be reported on the balance sheet, with the exception of leases less than one year and leases of low value assets.
- There will be an impact on debt covenants but the Group expects to remain in compliance with all debt covenants.
- Impairment assessments will be impacted as CGU assets are increased but this is not expected to result in any impairment of assets.

The estimated impact of IFRS 16 on the balance sheet as if implemented on November 30, 2019 is illustrated below (modified respective method).

(in thousands)	November 30, 2019 Actuals	IFRS 16 Impact	November 30, 2019 Revised
ASSETS			
Total Current Assets	$ 518,175	$ –	$ 518,175
Property, plant and equipment	3,139,125	–	3,139,125
Right-to-use assets	–	204,100	204,100
Other assets	865,786	–	865,786
Total Non-Current Assets	4,004,911	204,100	4,209,011
Total Assets	**$ 4,523,086**	**$ 204,100**	**$ 4,727,186**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Total Current Liabilities	$ 688,436	$ 39,200	$ 727,636
Long-term debt	2,058,520	164,900	2,223,420
Other liabilities	399,465	–	399,465
Total Non-Current Liabilities	2,457,985	164,900	2,622,885
Total Liabilities	3,146,421	204,100	3,350,521
Shareholders' Equity			
Total Shareholders' Equity	1,376,665	–	1,376,665
Total Liabilities and Shareholders' Equity	**$ 4,523,086**	**$ 204,100**	**$ 4,727,186**

The estimated impact of IFRS 16 on the income statement and cash flow statement as if implemented on December 1, 2018 is illustrated below (modified respective method).

(in thousands), except for earnings per share	November 30, 2019 Actuals	IFRS 16 Impact	November 30, 2019 Revised
Operating Revenue	$ 2,037,383	$ –	$ 2,037,383
Operating expenses	(1,423,359)	44,600	(1,378,759)
Depreciation, amortisation and impairment	(260,053)	(43,100)	(303,153)
Gross Profit	**353,971**	**1,500**	**355,471**
Share of profit of joint ventures and associates	23,176	–	23,176
Administrative and general expenses	(206,020)	3,900	(202,120)
Gain on disposal of assets, net	2,407	–	2,407
Other operating income, net	1,548	–	1,548
Operating Profit	**175,082**	**5,400**	**180,482**
Finance expense, net	(136,183)	(9,300)	(145,483)
Foreign currency exchange loss and Other non-operating expense, net	(1,304)	–	(1,304)
Income tax expense	(18,534)	–	(18,534)
Net Profit (Loss)	**$ 19,061**	**$ (3,900)**	**$ 15,161**
Earnings per share	0.35	–	0.35
Earnings before depreciation, amortisation, interest and taxes	**$ 433,831**	**$ 48,500**	**$ 482,331**

The effect of income taxes on the financial statements is expected to be immaterial.

(in thousands)	November 30, 2019 Actuals	IFRS 16 Impact	November 30, 2019 Revised
Net cash flow from operations	$ 277,723	$ 39,200	$ 316,923
Net cash from investments	(122,895)	–	(122,895)
Net cash from financing activities	(77,521)	(39,200)	(116,721)
Net change in cash and cash equivalents	77,307	–	77,307
Effect on cash balances from foreign exchange	(5,685)	–	(5,685)
Beginning cash and cash equivalents	64,529	–	64,529
Ending cash and cash equivalents	**$ 136,151**	**$ –**	**$ 136,151**

Information on the undiscounted amount of the Group's existing operating lease commitments under IAS 17, Leases ("IAS 17"), the current leasing standard, is disclosed in Note 24.

IFRIC 23, Uncertainty over income tax treatments ("IFRIC 23"), clarifies the accounting for uncertainties in income taxes. The implementation date for the Group is December 1, 2019. IFRIC 23 is not expected to have a material impact on the Financial Statements of the Group.

Notes to the Financial Statements continued

Accounting policies that became effective during the year

Adoption of IFRS 15, Revenue from Contracts with Customers ("IFRS 15")

IFRS 15 sets out the principles to determine the measurement of revenue and timing of when revenue is reflected in the Income statement. The underlying principle is that revenue recognition will follow the transfer the control of goods or services to customers at an amount that the seller expects to be entitled to in exchange for those goods or services. This new standard was applied by the Group as of December 1, 2018 and has no material effect on revenue or net profit.

The Group applied IFRS 15 using the modified retrospective approach, which requires the Group to recognise the cumulative effect of initially applying IFRS 15 to the opening balance of equity as at December 1, 2018. Accordingly, the comparative information has not been restated and continues to be reported under IAS 18 Revenue and IAS 11 Construction Contracts. The impact of the modified retrospective approach for each significant financial statement line item for the year ended November 30, 2019 is as follows:

(in thousands)	Applying IAS 11 and IAS 18	IFRS 15 Adjustments	**As Reported**
For the year ended November 30, 2019			
Income Statement			
Operating revenue	$ 2,036,873	$ 510	**$ 2,037,383**
Operating expense	(1,422,748)	(611)	**(1,423,359)**
Gross Profit	354,072	(101)	**353,971**
Net Profit	19,162	(101)	**19,061**
Earnings per share	0.35	–	**0.35**
Balance Sheet			
Accrued expenses	$ 150,888	$ 2,385	**$ 153,273**
Shareholders' Equity	1,379,050	(2,385)	**1,376,665**

Generally, revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those service or goods. Transaction prices for transportation and other services are contractually agreed before the services are rendered and do not contain material variable components. When it is probable that the future economic benefits will flow to the Group, the recognition in the statement of income is in proportion to the stage of the rendered performance as at the end of the reporting period.

The additional disclosures required by IFRS 15 are in Notes 3 and 4.

Critical accounting judgements and key sources of estimation uncertainty

In connection with the preparation of the Consolidated Financial Statements, management has made assumptions and estimates about future events, and applied judgements that affect the reported amounts of assets, liabilities, revenue, expenses and the related disclosures. The assumptions, estimates and judgements are based on historical experience, current trends and other factors that management believes to be relevant at the time the Consolidated Financial Statements are prepared. Actual results may differ from these estimates. On a regular basis, management reviews the accounting policies, assumptions, estimates and judgements to ensure that the Financial Statements are presented fairly and in accordance with IFRS and Bermuda company law, applied on a consistent basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the change affects both as per IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors.

Critical accounting estimates and judgements are those that have a significant risk of having a material impact on the Consolidated Financial Statements. Management believes the following areas are the significant judgements and estimates used in the preparation of the Consolidated Financial Statements:

Critical accounting judgement or estimation	Sources of estimation uncertainty	Effect if actual results differ from assumptions
Voyage revenue and costs The Group generates a majority of its revenues through its tanker segment from the transportation of liquids by sea and inland water under contracts of affreightment or through contracts on the spot market. Tankers recognise operating revenue over time on a prorated basis based on the time customer's cargo is loaded to its estimated dispatch. When calculating the voyage revenue and costs, this recognition is first based on "budgeted voyage legs" that are reviewed and updated annually. After the voyage legs have begun, they are updated for actual results and the latest updated estimates.	In applying the percentage of completion method, the revenues and expenses for voyages still in progress at the end of the reporting period are estimated and prorated over the period of the service provided for each active contract. For each voyage leg, estimates are made of revenue and related costs based on available actual information, current market parameters such as fuel cost and customer contract portfolios, and relevant historical data, such as port costs. Revenue and cost estimates are updated continually throughout the voyage to account for changes in voyage patterns, to include the most up-to-date data and to finalise revenues and expenses.	The accrued voyage and prepaid voyage expense accounts are used to adjust revenues billed and vendor invoices received to the appropriate amounts to be recognised based on the percentage of completion method of accounting. Management does not believe there would be a material change if the percentage of completion method was based on different criteria. However, if actual results are not consistent with estimates or assumptions, revenues or costs may be over or under-stated. At November 30, 2019 and 2018, the accrued voyage expense account was \$53.5 million and \$68.6 million, respectively, in which \$28.4 million and \$38.3 million related to contract liabilities for unearned revenues. Prepaid expenses included \$22.8 million and \$13.9 million of prepaid invoices for voyages in progress applicable to periods subsequent to November 30, 2019 and 2018, respectively.

Notes to the Financial Statements continued

Critical accounting judgements and key sources of estimation uncertainty continued

Critical accounting judgement or estimation	Sources of estimation uncertainty	Effect if actual results differ from assumptions
Depreciation and residual values Ships, barges, tank containers and terminals are depreciated on a straight-line basis over their estimated useful lives, after reducing for the estimated residual value. Estimated useful lives are based on past experience, expected future performance and management's estimate of the period over which the asset will provide economic benefit. For ships and barges, residual values are estimated based on the steel price, the estimated light displacement tonnage of the fleet and current trends in the price of recycling of ships. For the majority of the fleet, the steel price used is the average steel price for the last three years. For ships expected to be recycled in the near term, the steel price at the previous year end date is used. The evaluation of residual values and estimated useful lives for tank containers is based on the steel price of different grades of steel. In the case of terminals, the lives of terminals can range up to 40 years and the prices of steel and construction costs can vary across different terminals. If there is a material change in the estimated life of the terminal or price of steel then the estimates are revised. Both estimated useful lives and the residual values are evaluated annually, and the effect of any change is considered as a revision of accounting estimates, and the effect is reflected in the future depreciation charge.	The key estimates involved for depreciation and residual values are: In the case of ships, estimated useful lives of the components of the ships which range from an estimated 25 to 33 years. However, actual lives of the components of parcel tankers or barges may be different depending on many factors such as quality of maintenance and repair and the type of product carried by the ships or barges and this may result in a shorter or longer life. In the case of tank containers, the estimated useful life ranges between 10 to 20 years depending on the supplier and the quality of steel used. Residual values are difficult to estimate given the long lives of ships, barges and tank containers, the uncertainty as to future economic conditions and the price of steel, which is considered as the main determinant of the residual price.	If the estimated economic useful life has to be revised, an impairment loss or additional depreciation expense could result in future periods. A decrease in the useful life of the ship, barge or tank container or fall in the residual value would have the effect of increasing the annual depreciation charge and potentially resulting in an impairment loss. If the residual value is overestimated, it would reduce the annual depreciation and overstate the value of the assets. See Note 14 for further details. During the last quarter of 2018, some of the ships went through a life-extension programme. The lives of these ships were extended from 25 years to 30 years. This will reduce the annual depreciation of owned ships by $14.2 million per annum and for joint venture ships by $3.6 million per annum.

Critical accounting judgements and key sources of estimation uncertainty continued

Critical accounting judgement or estimation	Sources of estimation uncertainty	Effect if actual results differ from assumptions

Impairment review

As of November 30, 2019, the carrying amount of the Group was more than its market capitalisation. In accordance with IAS 36, Impairment of Assets, this is a trigger for impairment and the Group has performed an assessment to determine its recoverable amount.

Chemical tankers and barges

Chemical Tankers and Barges ("Tankers") are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of the fleet may exceed the recoverable amount. The Tanker ships are tested for impairment on a cash-generating unit ("CGU") basis. The CGUs identified are the i) deep-sea fleet plus interdependent regional fleets, ii) regional fleets, and iii) European barges, as those are the lowest levels in which the cash flows are independent of other CGUs. Where they are integral to the CGU, leased ships are incorporated into the impairment testing.

Management measures the recoverable amount of these assets by comparing their carrying amount with the higher of their fair value less costs of disposal ("FVLCD") or value in use ("VIU").

VIU calculations prepared for impairment testing requires management to judge whether the carrying value of assets can be supported by the net present value of future cash flows that they generate. The calculation is based on the future cash flows over the remaining useful lives of the ships. Calculating the net present value of the future cash flows requires estimates to be made in respect of highly uncertain matters, including management's expectations of:

- Future growth rates based on trends in industrial production.
- Supply-demand balance of chemical tankers.
- Sailed-in rates per operating day (a profit measure of operating revenue less variable voyage expenses including bunker costs, on existing and future contracts and the spot market).

The carrying values of the ships in the tanker fleet may not represent their fair market value at any point in time since the short-term market prices of second-hand ships tend to fluctuate with changes in freight rates and the cost of newbuildings. Both charter rates and newbuilding costs tend to be cyclical in nature.

To assess impairment, management used projections in the approved budget and five-year plan as the basis for the cash flows used to calculate VIU. Based on management judgement and past experience, the following key assumptions were used in the VIU calculations:

- The assumptions for the sailed-in rates growth during the projection period from 2020 to 2024 for the deep-sea fleet (adjusted for capacity changes) is an average of 3.9%, and for the regional fleets is 2.4%.
- A slow recovery in the chemical tanker market is expected to start in 2020 after the industry's newbuilding deliveries have been absorbed by the market.
- Cost relating to low-sulphur fuel will be passed on to customers.
- Pre-tax discount rate of 7.7% based on the weighted average cost of capital ("WACC"), which reflects specific risks relating to CGUs.

The growth rate used in perpetuity beyond the projection period is 2.0%, which does not exceed the long-term average inflation rate for the tankers industry.

The impact of changes in the key assumptions used in the VIU calculations is described below.

A projected 5.0% decrease in the deep-sea tanker fleet's sailed-in rates would reduce the fair value of the fleet by $158.8 million but would not result in an impairment. A projected 5.0% decrease in the wholly-owned regional fleets would not result in an impairment. The regional joint ventures would show an impairment of $5.6 million in this scenario by applying a permanent reduction in sailed in rates of 5.0%.

A decrease of 12.0% in the deep-sea tanker sailed-in rates would cause an impairment.

An increase of 0.5% in the discount rate used in the present value calculation would not result in an impairment of the deep-sea ships or any of the wholly-owned regional fleets. An increase of 4.7% in the discount rate would trigger an impairment.

A 0.5% increase in the discount rate would result in one of the Group's regional joint ventures having an impairment of $2.1 million.

Notes to the Financial Statements continued

Critical accounting judgements and key sources of estimation uncertainty continued

Critical accounting judgement | Sources of estimation uncertainty | Effect if actual results differ from assumptions

Goodwill impairment testing

The Group does not have any indefinite lived intangible assets other than goodwill and this is subject to an annual impairment review.

Tankers

Goodwill of $5.2 million is allocated to the Tankers CGU in relation to the acquisition of Jo Tankers ("JoT"). Goodwill is allocated to the Tanker CGU as it is the smallest identifiable group of assets. An impairment review of Tankers did not indicate that this goodwill was impaired.

To calculate VIU, the Group uses projections from the approved budgets and five-year plans as the basis for the cash flows which are then discounted to calculate value in use.

Tank Containers

Goodwill of $15.6 million is allocated to the Tank Container CGU. The total carrying value of the CGU, including the goodwill, is $515.4 million. The recoverable amount for the Tank Container segment was based on VIU. Goodwill is allocated to the Tank Container segment which is the smallest identifiable group of assets (i.e. the tank container fleet) that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. VIU was based on a discounted cash flow basis using the approved projections in the five-year plan. The impairment review did not indicate that goodwill was impaired.

Terminals

For the Terminals segment, the only goodwill relates to the acquisition of Marstel Holdings Pty Limited (now Stolthaven Australasia Pty Ltd). Goodwill of $11.5 million allocated to Australia was tested for impairment.

The recoverable amount for the Australia Terminals business was determined based on the FVLCD. Recoverable amount was based on a discounted cash flow basis using weighted scenarios from approved projections in the five-year plan. The impairment review did not indicate that goodwill was impaired.

Tankers

See Tankers impairment review for key sources of estimation uncertainty.

Tank Containers

The main source of estimation uncertainty is the application of the discount rate and future cash flows.

Based on management judgement and past experience, the following key assumptions were used in the calculation of VIU:

- Pre-tax discount rate of 7.3% based on the WACC for the risks specific to the tank container business.
- Future growth rates based on trends in industrial production. The growth rate used in perpetuity beyond the projection period is 2.0%.
- Future escalation of price and cost increases obtained from shipping and transportation carriers.
- Extent of capital expenditures from Tank Containers and competition.
- Future demand and supply.

Terminals

Calculating the net present value of the future cash flows requires assumptions to be made in respect of highly uncertain matters. Based on management judgement and past experience, the following key assumptions were used in the projections:

- Future escalation of price and cost increases based on expected contracts.
- Customer rates on existing and future contracts and the spot market.
- Future capital expenditures.
- Expected utilisation rates and throughput volumes.
- Pre-tax discount rate of 9.3% based on the WACC specific for Australia.
- The average growth rate for revenues and costs in perpetuity of 1.7%.

If the judgement applied in determining the recoverable amount of goodwill is incorrect or the fact pattern on which it is based changes, this could result in impairments being reflected in the Consolidated Financial Statements.

Tankers

See Tankers impairment review for sensitivities for the Tanker CGU.

Tank Containers

In the case of Tank Containers, the headroom based on the VIU was more than twice the current segment value. Therefore, further sensitivities have not been presented.

Terminals

For the Australia CGU, an increase of 0.5% in the discount rate used in the present value calculation would reduce the implied value by $14.0 million.

See Note 15 for further details related to goodwill.

Critical accounting judgements and key sources of estimation uncertainty continued

Critical accounting judgement | Sources of estimation uncertainty | Effect if actual results differ from assumptions

Investments in joint ventures and associates

The Consolidated Financial Statements include the Group's results and all other entities in which the Group has control, except where the control over the operations is limited by significant participating interests held by another investor in such operations.

Determination of whether an entity is an investment in joint ventures or associates is based on certain relevant activities such as the ability to approve the operating and capital budget of an entity and the ability to appoint key management personnel.

There are a number of areas where significant judgement is exercised to establish whether an entity needs to be consolidated or reported under the equity method of accounting. To establish whether an entity is a consolidated subsidiary, a joint venture or an associate, key areas of judgement include:

- Qualitative analysis of an entity including review of, among other factors, its capital structure, contractual terms, key decisions requiring unanimous approval, related party relationships and design of the entity.
- Rights of partners regarding significant business decisions, including disposals and acquisitions of assets.
- Board and management representation and appoint key management personnel.
- Potential voting rights.
- Ability to make financing decisions.
- Approval of operating and capital budget and contractual rights of other shareholders.

The exercise of judgement on these areas determines whether a particular entity is consolidated as a subsidiary or accounted for under the equity method.

If the judgement applied in determining the accounting treatment of an entity is incorrect or the fact pattern on which it is based changes, such entities may need to be consolidated or accounted for as an investment at cost.

For example, it is possible that an investment is accounted for as a joint venture or associate using the equity method despite having an ownership interest exceeding 50% where it does not exercise direct or indirect control over the investee. To the extent that the Group is deemed to control these entities, the entities would have to be consolidated. This would affect the balance sheet, income statement, statement of cash flows and debt covenants.

See Note 16 for further details.

Insurance Claims Receivable and Provisions

The Group is exposed to substantial risks that are inherent in the industries operated and which may result in third party claims and resulting increased expenses. This may include marine disasters, such as collisions and other problems involving the Group's ships as well as injuries, death, third party property damage, explosions and other similar circumstances or events.

For reported claims and incidents, the Group has established provisions for expected future losses and legal expenses on third-party claims. At November 30, 2019, Short-term and Long-term provisions for claims were $210.5 million.

The Group has obtained customary levels of insurance for liabilities arising from operations, including loss of or damage to third-party property and death or injury to employees or third parties.

A receivable is recorded for the claims in which it is virtually certain that the Group will receive reimbursement. At November 30, 2019, the Insurance claims receivable was $207.8 million.

The provisions for claims is based on the following key judgements and estimations:

- Historical trends and patterns of loss payments.
- Replacement costs and inflation.
- Results of litigation.
- Economic location and public attitudes.
- Relevant law and interpretation of case law.
- Applicable insurance company estimates.

When determining whether or not the Group will, with virtual certainty, be reimbursed for claims, the following information will be considered:

- Obligation of the insurance company or underwriter under the insurance policy.
- Historical payout of applicable insurance company on the current and any similar prior claim.
- Public or regulatory rating of underwriter or insurance companies.
- On multi-layered (primary and excess) policies, payments by the previous layer.

Amounts ultimately paid for losses and legal costs can vary significantly from the level of reserves originally set. If the judgement applied is incorrect or changes over time, this could result in future losses in the Consolidated Financial Statements.

See Note 18 for further details.

Notes to the Financial Statements continued

Critical accounting judgements and key sources of estimation uncertainty continued

Critical accounting judgement or estimation	Sources of estimation uncertainty	Effect if actual results differ from assumptions
Pensions and other post-retirement benefits		
The Group sponsors defined benefit pension plans and a supplemental executive retirement plan covering eligible employees. At November 30, 2019, the Employee benefit asset was $9.7 million and Employee benefit liability was $43.5 million. Net periodic pension costs and accumulated benefit obligations are determined in accordance with IAS 19R, Employee Benefits, using a number of estimates including the discount rate to apply to future benefit payments, the rate of compensation increases, retirement ages and mortality rates. These estimates have a significant impact on the amounts reported. The Group's pension cost consists of service costs and interest costs.	Management considers a number of factors in developing the pension assumptions, including an evaluation of relevant discount rates, expected return on assets, mortality, expected changes in wages and retirement benefits, analyses of current market conditions and input from actuaries and other consultants.	A 0.25% increase in the discount rate assumption for the defined benefit obligation would result in a decrease of $8.3 million and a 0.25% decrease in discount rate assumption would result in an increase of $7.9 million in the defined benefit obligation. The effect of a 1% change in the assumed healthcare cost trends on the accumulated post-retirement benefit obligation at the end of 2019 have a negligible change owing to steps taken on the US Retirement Healthcare Plan to mitigate the risk. If more than one of these assumptions were changed simultaneously, the cumulative impact would not necessarily be the same as if only one assumption were changed in isolation. See Note 25 for further details and further scenarios.

3. BUSINESS AND GEOGRAPHIC SEGMENT INFORMATION

The Group has five reportable segments, which are Tankers, Tank Containers, Terminals, Stolt Sea Farm and Stolt-Nielsen Gas. The nature of these segments is described in Note 1. Reportable segments are defined as components of an enterprise for which separate financial information is available that is evaluated regularly by the chief operating decision-maker in deciding how to allocate resources and in assessing performance. The Company's Executive Management team has been identified as the chief operating decision makers as they direct the allocation of resources to operating segments based on the operating profit (loss) and cash flows of each respective segment. In 2019, the Group has begun to separately disclose Stolt-Nielsen Gas as a reportable segment. This is due to Management believing that the information about the segment would be useful to users of the financial statements.

The "Corporate and Other" category includes Stolt Bitumen, corporate-related items and the results of other insignificant operations not reportable under other segments.

The basis of measurement and accounting policies of the reportable segments are the same as those described in Note 2. Inter-segment sales and transfers are not significant and have been eliminated and not included in the following table. Indirect costs and assets have been apportioned between the segments of the Group on the basis of corresponding direct costs and assets. Interest and income taxes are not allocated.

The following tables show the summarised financial information, in US thousand dollars, for each reportable segment:

For the year ended November 30, 2019	Tankers	Terminals	Tank Containers	Stolt Sea Farm	Stolt-Nielsen Gas	Corporate and Other (a)	Total
Operating revenue	$ 1,147,885	$ 250,830	$ 528,568	$ 105,598	$ –	$ 4,502	$ 2,037,383
Depreciation, amortisation and impairment (b)	(159,160)	(66,536)	(23,688)	(6,305)	–	(4,364)	(260,053)
Share of profit (loss) of joint ventures and associates	3,170	22,888	482	–	(3,337)	(27)	23,176
Operating profit (loss)	56,713	68,956	56,136	878	(4,126)	(3,475)	175,082
Finance expense							(139,316)
Finance income							3,133
Profit before income tax							37,595
Income tax expense							(18,534)
Net profit							19,061
Balance Sheet							
Capital expenditures (c)	66,959	67,615	6,238	20,198	–	7,441	168,451
Investments in and advances to joint ventures and associates	221,747	243,294	31,622	–	45,865	–	542,528
Intangible assets and goodwill	6,825	12,621	16,443	352	–	13,350	49,591
Segment assets	2,241,479	1,256,321	494,441	142,868	76,213	311,764	4,523,086

For the year ended November 30, 2018	Tankers	Terminals	Tank Containers	Stolt Sea Farm	Stolt-Nielsen Gas	Corporate and Other (a)	Total
Operating revenue	$ 1,219,153	$ 251,984	$ 551,102	$ 98,481	$ –	$ 4,775	$ 2,125,495
Depreciation, amortisation and impairment (d)	(174,659)	(62,140)	(24,485)	(6,439)	–	(23,331)	(291,054)
Share of profit (loss) of joint ventures and associates	2,924	31,473	1,665	–	(3,430)	(272)	32,360
Operating profit (loss)	66,563	76,411	70,884	13,016	(10,976)	(28,790)	187,108
Finance expense							(139,111)
Finance income							3,872
Profit before income tax							46,289
Income tax benefit							7,701
Net profit							53,990
Balance Sheet							
Capital expenditures (c)	40,686	91,927	5,441	10,013	8,958	4,204	161,229
Investments in and advances to joint ventures and associates	230,100	242,754	31,787	–	49,143	722	554,506
Intangible assets and goodwill	7,522	13,755	16,787	241	–	8,957	47,262
Segment assets	2,309,682	1,273,889	515,383	137,303	123,470	98,429	4,458,156

(a) Corporate and Other includes Stolt Bitumen.

(b) Includes impairment losses of $5.5 million for Terminals.

(c) Capital expenditures include additions to property, plant and equipment, drydocking, ship deposits and intangible assets other than goodwill including additions resulting from acquisitions through business combinations.

(d) Includes impairment losses of $8.7 million for Terminals, $2.0 million for Bitumen Vietnam terminal, $3.9 million for accounts receivable of Bitumen and $11.8 million for Bitumen ships.

Notes to the Financial Statements continued

The following table sets out operating revenue by country for the reportable segments. Tankers, Tank Containers and Terminals operating revenue is allocated on the basis of the country in which the cargo is loaded. Tankers and Tank Containers operate in a significant number of countries. Revenues from specific foreign countries which contribute significantly to total operating revenue are disclosed separately. SSF operating revenue is allocated on the basis of the country in which the sale is generated.

	For the years ended November 30,	
(in thousands)	**2019**	2018
Operating Revenue:		
Tankers:		
US	**$ 447,669**	$ 435,282
South America	**21,355**	33,893
The Netherlands	**87,258**	106,935
Belgium	**69,749**	83,069
Other Europe	**92,941**	106,781
South Korea	**47,850**	54,681
Malaysia	**55,009**	50,917
Other Asia	**98,703**	106,757
Middle East	**152,031**	140,736
Africa	**74,043**	96,590
Other	**1,277**	3,512
	$ 1,147,885	$ 1,219,153
Terminals:		
US	**$ 131,314**	$ 126,372
Singapore	**40,866**	41,095
Australia and New Zealand	**22,635**	28,276
Brazil	**26,146**	25,847
United Kingdom	**16,514**	17,226
The Netherlands	**13,355**	13,168
	$ 250,830	$ 251,984
Tank Containers:		
US	**$ 106,538**	$ 110,599
South America	**22,884**	25,910
France	**55,499**	53,895
The Netherlands	**35,957**	34,804
Italy	**19,641**	17,841
Germany	**17,324**	16,507
Other Europe	**21,183**	25,833
Singapore	**62,502**	62,361
Japan	**17,714**	19,895
China	**79,439**	89,484
India	**19,748**	20,100
Other Asia	**37,721**	40,095
Middle East	**14,006**	13,819
Other	**18,412**	19,959
	$ 528,568	$ 551,102
Stolt Sea Farm:		
US	**$ 9,436**	$ 7,616
United Kingdom	**2,222**	1,925
Norway	**1,433**	1,347
Spain	**39,994**	39,652
France	**12,084**	11,293
Italy	**23,498**	22,024
Other Europe	**16,423**	14,231
Iceland	**88**	59
Other	**420**	334
	$ 105,598	$ 98,481

There were no customers of Tankers, Tank Containers, Terminals or SSF segments that accounted for more than 10% of the consolidated operating revenue for the years ended November 30, 2019 and 2018.

The following table sets out the key elements of sources of revenue:

For the year ended November 30, 2019	Tankers	Terminals	Tank Containers	Stolt Sea Farm	Other	Total
Revenue recognised over time:						
Freight revenue	$ 1,013,822	$ –	$ 404,605	$ –	$ –	$ 1,418,427
Storage and throughput revenue	–	167,955	–	–	–	167,955
	1,013,822	167,955	404,605	–	–	1,586,382
Revenue recognised at a point in time:						
Demurrage and ancillary revenue	134,063	–	123,963	–	–	258,026
Turbot and sole	–	–	–	100,212	–	100,212
Sturgeon and caviar	–	–	–	5,386	–	5,386
Rail revenue	–	21,235	–	–	–	21,235
Utility revenue	–	23,956	–	–	–	23,956
Dock, product handling and other revenue	–	37,684	–	–	4,502	42,186
	134,063	82,875	123,963	105,598	4,502	451,001
	$ 1,147,885	**$ 250,830**	**$ 528,568**	**$ 105,598**	**$ 4,502**	**$ 2,037,383**

For the year ended November 30, 2018	Tankers	Terminals	Tank Containers	Stolt Sea Farm	Other	Total
Revenue recognised over time:						
Freight revenue	$ 1,075,650	$ –	$ 427,807	$ –	$ –	$ 1,503,457
Storage and throughput revenue	–	170,840	–	–	–	170,840
	1,075,650	170,840	427,807	–	–	1,674,297
Revenue recognised at a point in time:						
Demurrage and ancillary revenue	143,503	–	123,295	–	–	266,798
Turbot and sole	–	–	–	94,165	–	94,165
Sturgeon and caviar	–	–	–	4,316	–	4,316
Rail revenue	–	25,807	–	–	–	25,807
Utility revenue	–	21,780	–	–	–	25,807
Dock, product handling and other revenue	–	33,557	–	–	4,775	38,332
	143,503	81,144	123,295	98,481	4,775	451,198
	$ 1,219,153	**$ 251,984**	**$ 551,102**	**$ 98,481**	**$ 4,775**	**$ 2,125,495**

The following table sets out non-current assets excluding long-term deferred income tax assets and long-term pension assets by country for the reportable segments. Non-current assets include property, plant and equipment, intangible assets, investments in and advances to joint ventures and associates and certain other non-current assets.

Non-current assets by country are only reportable for the Terminals and Sea Farm operations. Tanker and Tank Container operations operate on a worldwide basis and are not restricted to specific locations. Accordingly, it is not possible to allocate the assets of these operations to specific countries. The total net book value of non-current assets for Tankers amounted to $2,012.9 million and $2,114.9 million for the years ended November 30, 2019 and 2018, respectively, and for Tank Containers amounted to $378.6 million and $398.5 million, for the years ended November 30, 2019 and 2018, respectively.

Notes to the Financial Statements continued

(in thousands)	As of November 30, 2019	2018
Non-current Assets:		
Terminals:		
US	**$ 429,023**	$ 403,332
Brazil	**43,368**	46,871
South Korea	**102,150**	97,319
United Kingdom	**82,987**	79,527
Belgium	**100,121**	103,553
The Netherlands	**62,922**	65,494
China	**31,291**	31,716
Australia and New Zealand	**124,799**	157,568
Singapore	**209,215**	219,820
Other	**9,732**	10,165
	$ 1,195,608	$ 1,215,365
Stolt Sea Farm:		
US	**$ 4,864**	$ 4,656
Norway	**610**	555
Portugal	**6,965**	1,621
Iceland	**16,757**	17,361
Spain	**44,673**	36,322
France	**1,943**	2,230
	$ 75,812	$ 62,745

The Group has no material revenues or non-current assets in Bermuda, its country of domicile.

4. OPERATING REVENUE

Accounting policy

Operating revenue is recognised when performance obligations are met, which transfer the control of goods or provide services to the customer, at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, net of discounts and sales taxes.

The Group has elected to apply the practical expedient for costs to obtain a contract, which allows such costs to be immediately expensed when the related revenue is expected to be recognised within one year.

(i) Tankers

Revenue is recognised upon delivery of services in accordance with the terms and conditions of the contract of affreightment or spot contract and such services are performed over time. For voyages in progress at the end of a period, the uncertainty and the dependence on estimates are greater than for finalised voyages. The Group recognises a percentage of the estimated revenue for the voyage equal to the percentage of the estimated duration of the voyage completed at the balance sheet date.

The Group operates the Stolt Tankers Joint Service (the "Joint Service"), an arrangement in which the Group acts as the principal for the delivery of services and provides the coordinated marketing, operation, and administration of deep-sea intercontinental parcel tankers owned or chartered by the Group. As the Group acts as the principal in the arrangement, all revenue relating to the Joint Service is recognised on a gross basis in the income statement. Certain ships that are not owned by the Group are time chartered under operating leases by the Group from participants in the Joint Service. The time charter expense is calculated based upon the combined operating revenue of the ships which participate in the Joint Service less combined voyage expenses, overhead costs, and commissions to outside brokers and upon each ship's cargo capacity, its number of operating days during the period, and its assigned earnings factor.

(ii) Tank Containers

Transportation revenue is recognised upon delivery of services in accordance with the agreement with customers and is recognised over time using a measure of progress. For tank container movements in progress at the end of a period, the uncertainty and the dependence on estimates are greater than for finalised movements. The Group recognises a percentage of the estimated revenue for the movement using the percentage of effort ("input method") required at origin and destination. Demurrage and other revenues are uncertain elements of revenue and are recognised when incurred and generally invoiced at the end of the month.

(iii) Terminals

Tank storage rentals, including minimum guaranteed throughputs, are recognised over the contractual period during which the services are rendered. These charges are mostly invoiced upfront in the month preceding the month to which such charges relate. Revenues from additional throughput fees and other ancillary charges based on actual usage are recognised at the point in time when those services are delivered.

(iv) SSF

Revenues are recognised when performance obligations are satisfied by transferring control of a good or service to the customer. Where the terms of sale are free on board, revenue is recognised on dispatch of products to the customer. Revenue is recognised on delivery where the terms of sale include costs, insurance, freight and destination duty paid. The amount recorded as revenue includes all amounts recognised according to the terms of sale, including shipping and handling costs billed to customers, and after deductions for claims or returns of goods, rebates and allowances against the price of goods.

An analysis of the Group's revenue for the year (excluding finance income – see Note 8), is as follows:

	For the years ended November 30,	
(in thousands)	**2019**	2018
Revenue from the rendering of services	**$ 1,931,785**	$ 2,027,014
Revenue from the sale of goods	**105,598**	98,481
	$ 2,037,383	$ 2,125,495

Revenue generated by Tankers under contracts of affreightment was approximately 71% of the tanker division's total revenue for the year ended November 30, 2019. All other revenue generated is from spot contracts.

Payment terms generally do not have a financing element. Variable consideration is limited to that related to variable costs which are contractually passed on to the customer and uncertain revenues such as demurrage.

5. OPERATING EXPENSES

Accounting policy

(i) Tankers

Tankers operating expenses include costs directly associated with the operation and maintenance of the parcel tankers. These types of costs include time charter costs, bunker fuel costs, port costs, manning costs (for example, ship personnel and benefits), depreciation expense, sublet costs, repairs and maintenance of tankers, commission expenses, barging and transshipments costs, canal transit costs, insurance premiums and other ship owning expenses (for example, agency fees, provisions, ship supplies, cleaning, cargo survey costs and foreign exchange hedging costs).

(ii) Tank Containers

Operating expenses of Tank Containers consist of costs directly associated with the operation and maintenance of the tank containers. These types of costs include ocean and inland freight charges, short-term tank rental expenses, cleaning and survey costs, additional costs (services purchased and charged through to customers), maintenance and repair costs, storage costs, insurance premiums, depreciation expense and other operating expenses (for example, depot expenses, agency fees and refurbishing costs).

(iii) Terminals

Operating expenses of Terminals consist of costs directly associated with the operation and maintenance of the terminals. These types of costs include labour and employee benefit costs, depreciation expense, utilities, rail car hire expenses, real estate taxes for sites, maintenance and repair costs, regulatory expenses, disposal costs, storage costs and other operating expenses (for example, insurance, survey costs, cleaning, line haul, rail costs and tank car hire costs).

Notes to the Financial Statements continued

(iv) SSF

SSF operating expenses include production cost of goods sold ("PCOGS"), which are costs incurred for the production of juvenile fish and the subsequent growing of juvenile fish into adult fish ready for market. These PCOGS include costs to produce eggs for fertilisation, on-site labour/personnel costs, feed costs, energy costs, contract grower fees, repairs and maintenance costs, oxygen costs, and veterinary fees. Other costs included within operating expenses are costs of fish purchased from third parties, freight costs to customers, all primary and secondary processing and packaging costs, distribution and handling costs, storage, import duties, inventory write downs, mortality losses and fair value movements.

Operating expenses comprised the following:

	For the years ended November 30,	
(in thousands)	**2019**	2018
Bunker fuel costs	**$ 257,297**	$ 275,337
Ocean and inland freight charges	**203,267**	197,856
Employee benefit expenses	**194,657**	199,585
Charter and lease expenses	**188,843**	198,567
Port charges	**153,861**	159,190
Maintenance and repairs	**64,120**	63,599
Cleaning costs	**35,819**	34,512
Storage and other tank container move related costs	**31,848**	30,545
Facilities and utilities	**29,184**	29,956
Expenses related to Biological assets	**28,532**	23,143
Commissions	**27,150**	27,138
Tank container ancillary billable costs	**26,359**	28,750
Insurance	**25,299**	30,610
Purchase of inventory	**23,038**	21,826
Repositioning of tank containers	**24,385**	23,105
Ship supplies and provisions	**21,771**	45,003
Rail expenses	**15,234**	15,290
Sublet expenses	**12,177**	11,737
Voyage costs	**11,449**	15,689
Barging and transshipments	**10,608**	10,127
Biological assets market valuation adjustment	**5,123**	(5,452)
Bunker hedge gain (Note 21)	**(1,372)**	(6,111)
Foreign exchange (gain) loss	**(45)**	8
Other expenses	**34,755**	30,948
Total operating expenses	**$ 1,423,359**	$ 1,460,958

An analysis of administrative and general expenses is as follows:

	For the years ended November 30,	
(in thousands)	**2019**	2018
Employee benefit expenses	**$ 154,101**	$ 165,868
Information systems	**14,373**	14,152
Professional fees	**8,996**	10,295
Travel and entertainment expenses	**6,634**	6,708
Office lease expenses	**5,751**	7,023
Office expenses	**5,819**	6,456
Investor relations and publicity	**2,399**	2,633
Legal fees	**3,074**	5,010
Communication expenses	**1,363**	1,624
Bank non-interest fees	**1,601**	1,490
Other	**1,909**	1,878
Total administrative and general expenses	**$ 206,020**	$ 223,137

An analysis of employee benefit expenses included in operating expenses and administrative and general expenses is as follows:

(in thousands, except employee data)	For the years ended November 30, 2019	2018
Salaries	**$ 260,024**	$ 269,185
Social security expenses	**19,555**	19,754
Pension expenses for defined contribution plans (Note 25)	**18,506**	18,772
Profit sharing and long-term incentive programmes	**3,816**	8,902
Travel of seafarers and relocation	**10,416**	11,450
Medical and life insurance	**11,831**	12,168
Training	**6,409**	7,122
Temporary and contract employees	**10,267**	9,709
Pension expenses for defined benefit plans and post-retirement benefit plan (Note 25)	**1,957**	2,438
Expatriate expenses	**1,631**	2,062
Other benefits	**4,345**	3,891
Total employee benefit expenses	**$ 348,757**	$ 365,453

Average number of employees:	2019	2018
Tankers *	**4,771**	4,868
Tank Containers	**767**	752
Terminals	**597**	623
Sea Farm	**452**	425
Other	**74**	74
Total average number of employees	**6,661**	6,742

* Including seafarers working on joint venture or third-party ships.

6. AUDITORS' REMUNERATION

The analysis of auditors' remuneration is as follows:

(in thousands)	For the years ended November 30, 2019	2018
Fees payable to the Group auditors and associates for the audit of the consolidated and stand-alone Financial Statements	**$ 3,305**	$ 3,337
Fees payable to the Group auditors and associates for other services as detailed below	**213**	546
Total fees	**$ 3,518**	$ 3,883
Tax services	**85**	164
Quarterly reviews	**100**	100
Other	**28**	282
Total non-audit fees	**$ 213**	$ 546

The audit and non-audit fees relate to PricewaterhouseCoopers LLP and its associate firms.

7. GAIN (LOSS) ON DISPOSAL OF ASSETS, NET

Gain (loss) on disposal of assets, net, comprised the following:

(in thousands)	For the years ended November 30, 2019	2018
Gain (loss) on sale of ships	**$ 1,185**	$ (1,002)
Gain on sale of tank containers	**125**	284
Gain (loss) on sale of other assets	**1,097**	(607)
	$ 2,407	$ (1,325)

During 2019, Bitumen recorded a gain of $1.4 million on the sale of *Stolt Kilauea*. Gain on sale of other assets includes the sale of the Altona Terminal for $0.6 million and Rail business for $0.7 million.

During 2018, Tankers recorded a net loss of $1.0 million on the recycling of *Stolt Mountain* and sale of *Stolt Kittiwake*. Tank Containers reported a net gain of $0.3 million for the sale of tank containers. Loss on sale of other assets includes the sale of a building.

Notes to the Financial Statements continued

8. FINANCE EXPENSES AND INCOME

Accounting policy

(i) Finance expenses

Finance expenses are recognised in the income statement as they accrue, using the effective interest method.

For finance leases, lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(ii) Finance income

Finance income is recognised in the income statement as it accrues, using the effective interest method.

	For the years ended November 30,			
(in thousands)		**2019**		2018
Finance expense				
Interest on loans	**$**	**117,965**	$	114,343
Amortisation of debt issuance costs		**8,502**		7,437
Realised loss on interest rate swaps (Note 21)		**10,088**		15,009
Commitment fees		**4,180**		3,351
Interest on obligations under finance leases		**–**		5
Other interest expense		**303**		2,872
Total interest expense		**141,038**		143,017
Less interest capitalised to property, plant and equipment		**(1,722)**		(3,906)
	$	**139,316**	$	139,111
Finance income				
Interest from joint ventures	**$**	**2,074**	$	3,044
Bank deposits interest		**907**		685
Other		**152**		143
	$	**3,133**	$	3,872

The average interest rate used to capitalise interest to property, plant and equipment was 5.5% and 5.15% for 2019 and 2018, respectively.

9. INCOME TAX

Accounting policy

Income tax represents the sum of current tax and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case the tax treatment follows the accounting treatment for the underlying item.

Current tax is the sum of tax payable in respect of the taxable profit for the current year and any adjustment to tax payable in respect of previous years. Taxable income differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used in the calculation of taxable income. The following temporary differences are not provided for: the initial recognition of goodwill for which no tax deduction is available, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries and joint ventures if it is probable that the temporary difference will not reverse in the foreseeable future and the Group can control the reversal. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and recognised only to the extent that it is probable that sufficient future taxable income will be available to allow the asset to be utilised based on Board-approved budgets and up-to-date expectations of future trading. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off. Current tax assets are set off against current tax liabilities when they relate to income taxes levied by the same taxation authority. The Group intends to settle its current tax assets and liabilities on a net basis. The Company is incorporated in Bermuda, which is a non-taxable jurisdiction.

The following tables present the components of the income tax expense for the years ended November 30, 2019 and 2018:

	For the years ended November 30,	
(in thousands)	**2019**	2018
Current income tax expense	**$ 6,943**	$ 14,940
Adjustments in respect of prior years	**3,516**	1,257
	10,459	16,197
Deferred income tax expense (credit)	**6,129**	(23,208)
Adjustments in respect of prior years	**1,946**	(690)
	8,075	(23,898)
Total income tax expense (benefit)	**$ 18,534**	$ (7,701)

The following reconciles the actual income tax expense to income taxes computed at the Bermuda statutory tax rate of nil:

	For the years ended November 30,	
(in thousands)	**2019**	2018
Profit before income tax expense	**$ 37,595**	$ 46,289
Tax at the Bermuda statutory tax rate	**–**	–
Differences between the Bermuda and other tax rates	**23,700**	17,635
Non-taxable income and disallowed expenses	**(14,626)**	(3,745)
Impact of change in US federal tax rate	**–**	(24,952)
Changes in the recognition of tax losses	**3,762**	2,787
Adjustments in respect of prior years	**5,462**	567
Other differences, net	**236**	7
Total income tax expense (benefit)	**$ 18,534**	$ (7,701)

Substantially, all of the Group's international shipping operations are carried out in subsidiaries incorporated in the Netherlands, which imposes income tax on a fixed profit calculated by reference to the deadweight tonnage of the ships in the fleet rather than on the operating profits of the business. Based on the calculation, the Group incurred tax in the Netherlands of $0.6 million and $0.5 million for the years ended November 30, 2019 and 2018, respectively.

The following are the major deferred tax (liabilities) assets recognised and the movement thereon:

	Accelerated tax depreciation	Retirement benefit obligations	Tax losses	Derivatives	Other	Total
Balance, December 1, 2017	**$ (90,820)**	**$ 12,900**	**$ 24,479**	**$ 179**	**$ 550**	**$ (52,712)**
(Charge) credit to Income statement	(4,082)	736	2,647	–	(355)	(1,054)
Credit (charge) to Income statement related to US federal tax rate change	29,065	(1,752)	(1,585)	–	(776)	24,952
(Charge) credit to Other comprehensive income	–	(6,287)	–	(323)	766	(5,844)
Exchange differences	953	45	(348)	(2)	(134)	514
Balance, November 30, 2018	**$ (64,884)**	**$ 5,642**	**$ 25,193**	**$ (146)**	**$ 51**	**$ (34,144)**
(Charge) credit to Income statement	(13,173)	166	5,442	–	(510)	(8,075)
Credit to Other comprehensive income	–	3,554	–	729	222	4,505
Exchange differences	598	–	(167)	2	80	513
Balance, November 30, 2019	**$ (77,459)**	**9,362**	**30,468**	**585**	**(157)**	**(37,201)**

Certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	As of November 30,	
(in thousands)	**2019**	2018
Deferred tax liabilities	**$ (47,521)**	$ (46,215)
Deferred tax assets	**10,320**	12,071
	$ (37,201)	$ (34,144)

As of November 30, 2019, the Group has unused national corporate tax losses of $102.2 million (2018: $77.5 million) and unused regional tax losses of $71.4 million (2018: $78.2 million) available for offset against future profits. A deferred tax asset of $14.0 million at November 30, 2019 (2018: $10.2 million) has not been recognised in respect of losses carried forward at the balance sheet date. These losses have arisen in Group companies where profits are not forecast for the foreseeable future.

Deferred income tax liabilities of $16.2 million at November 30, 2019 (2018: $17.8 million) have not been recognised for the withholding tax and other taxes that would be payable on the unremitted earnings of certain subsidiaries. Such amounts are considered permanently reinvested. Unremitted earnings totalled $1.4 billion at November 30, 2019 (2018: $1.6 billion).

Notes to the Financial Statements continued

The Group's income tax provisions are made in line with Group accounting policy. However, amounts asserted by tax authorities could be greater or less than the amounts accrued and reflected in the Group's consolidated balance sheet. Accordingly, provisions have been made to reflect uncertainties in tax positions. Provisions made for uncertain tax positions may be revised in future periods as underlying matters are resolved or as they develop.

10. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

Accounting policy

Cash and cash equivalents comprise cash balances and short-term time deposits of less than three months, which are subject to an insignificant risk of changes in value.

	As of November 30,			
(in thousands)		**2019**		2018
Cash deposit	**$**	**110,207**	$	61,183
Short-term time deposits		**25,944**		3,346
Cash and cash equivalents	**$**	**136,151**	$	64,529
Restricted cash	**$**	**189**	$	167

Cash and cash equivalents comprise cash and short-term time deposits held by the Group. No cash or cash equivalents were placed as collateral at November 30, 2019 and 2018.

Included in other current assets were nil and $7.7 million of cash collateral relating to the cross-currency interest rate swaps and interest rate swaps which were held by certain financial institutions at November 30, 2019 and 2018, respectively.

11. RECEIVABLES, NET

Accounting policy

Trade and other receivables are recognised initially at transaction price and are subsequently stated at amortised cost using the effective interest method, less allowances for expected credit losses. The Group measures the loss allowance for trade receivables at an amount equal to the lifetime expected credit losses. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to its recognised amount is recognised in profit or loss, as an impairment loss or a reversal of an impairment loss. Trade and other receivables are written off (either partially or in full) when there is no reasonable expectation of recovery.

Contract assets represent the right to receive consideration for goods or services transferred to the customer. If the Group partially satisfies its performance obligations by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional on further performance obligations being satisfied.

A trade receivable represents the Group's right to an amount of consideration where all performance obligations have been satisfied.

Expected credit losses on trade receivables are calculated by using the provision matrix approach. The provision matrix is determined based on historical observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates.

Provision for expected credit losses is made when the Group will not collect all amounts due. Changes in estimation basis or in economic conditions could lead to a change in the level of provision recorded and consequently on the charge or credit to profit or loss.

Impairment on receivables is measured as lifetime expected credit losses.

	As of November 30,			
(in thousands)		**2019**		2018
Customer trade receivables	**$**	**212,569**	$	238,702
Accrued revenue		**13,580**		18,899
Insurance		**1,077**		1,703
Other		**10,896**		7,142
		238,122		266,446
Allowance for impairment on customer trade receivables		**(20,213)**		(22,536)
	$	**217,909**	$	243,910

See Note 20 for an analysis of the credit risk of receivables.

Contract assets

	As of November 30, 2019				As of November 30, 2018			
		<1 year		**>1 year**		<1 year		>1 year
Balance, December 1	**$**	**6,014**	**$**	**–**	$	6,718	$	–
Transfer to trade receivables		**(403,813)**		**–**		(428,511)		–
Revenue recognised (current year performance obligations)		**404,605**		**–**		427,807		–
Balance, November 30	**$**	**6,806**	**$**	**–**	$	6,014	$	–

These amounts have been included in accrued revenue. Contract assets are typically invoiced within a month of any accrual.

12. INVENTORIES, NET

Accounting policy

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in, first-out principle and includes expenditures incurred in acquiring the inventories and bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of items transferred from biological assets to inventory is the fair value less costs to sell at the date of harvest.

Inventories as of November 30, 2019 and 2018 consisted of the following:

November 30, 2019 (in thousands)		Terminals		SSF		Other		Total
Raw materials	**$**	**–**	**$**	**408**	**$**	**11**	**$**	**419**
Consumables		**693**		**–**		**1,482**		**2,175**
Finished goods		**–**		**5,499**		**–**		**5,499**
	$	**693**	**$**	**5,907**	**$**	**1,493**	**$**	**8,093**

November 30, 2018 (in thousands)		Terminals		SSF		Other		Total
Raw materials	$	207	$	396	$	8	$	611
Consumables		1,147		–		1,461		2,608
Finished goods		–		5,824		–		5,824
	$	1,354	$	6,220	$	1,469	$	9,043

The cost of inventory included in operating expenses in 2019 and 2018 was $71.8 million and $64.8 million for Stolt Sea Farm, $5.9 million and $2.2 million for Stolt Tank Containers and $0.2 million and $0.6 million for Stolthaven Terminals, respectively. Bunkers of $26.1 million and $20.6 million were included in prepaid expenses at November 30, 2019 and 2018, respectively.

13. BIOLOGICAL ASSETS

Accounting policy

Biological assets primarily comprise turbot, sole and sturgeon, which include fish with and without an active market for sale ('mature' and 'juvenile' fish), which are farmed by the Group.

(i) Turbot and sole

Turbot is considered as 'mature' when it weighs more than 300 grams, while juvenile turbot weighs less than 300 grams. Sole is considered mature at 200 grams. All mature turbot and sole are held at fair value less costs to sell and costs related to packaging. Gains and losses from changes in fair value are recognised in the income statement. Fair value is determined on the basis of quoted prices in the principal market for the fish, where such information is available. The fair value adjustment on biological assets has no cash impact and does not affect the result of operations before unrealised fair value adjustments.

Juvenile turbot and sole are carried at cost less provision for impairment as management does not believe that reliable fair values exist. This approach is used to measure juvenile turbot and sole for the following reasons:

- *There is no active market for juvenile turbot or sole.*
- *A non-active market price based on discounted cash flows requires a number of variables and assumptions which historically cannot be reliably determined. Key variables and assumptions for turbot and sole include mortality rate, time to maturity, rate of growth and market price at the point of harvest. Given the specific circumstances for juvenile assets, any assumptions are subjective.*
- *The extent of these uncertainties also results in difficulty in determining the appropriate discount rate.*

A fair value adjustment is made at the point when previously juvenile turbot and sole is considered to mature. These fair value adjustments are recognised in the income statement.

After harvest, the produce from harvest is treated as inventory and the fair value at the point of harvest is treated as the cost of the inventory.

(ii) Sturgeon

Sturgeon are 'mature' when they reach 3 kilos per fish. The fair value of mature sturgeon is estimated at market value less costs to sell and costs related to packaging estimated based on the meat price of sturgeon and its weight.

Sturgeon and caviar that the sturgeon produces are fair valued at the point of harvest. After harvest, the caviar produced from harvest is treated as inventory and the fair value at the point of harvest is treated as the cost of the inventory. The fair value adjustment on biological assets has no cash impact and does not affect the result of operations before unrealised fair value adjustments.

There is no active market for juvenile sturgeon. They are therefore carried at cost less provision for impairment for the same reasons as those stated above for the juvenile turbot and sole.

Notes to the Financial Statements continued

Biological assets in the Balance Sheet

(in thousands)	As of November 30, 2019	2018
Turbot and sole	**$ 33,766**	$ 40,737
Sturgeon	**8,432**	9,848
	$ 42,198	$ 50,585

Biological assets are the work in process: live turbot, sturgeon and sole in the process of production. The biological assets are transferred to inventory after being harvested.

Reconciliation of changes in book value of turbot and sole

(in thousands)	2019	2018
Balance at December 1,	**$ 40,737**	$ 35,977
Increases owing to production and purchases	**42,974**	40,762
(Loss) gain from change in fair value	**(4,767)**	6,111
Effect of changes in foreign currency rates	**(1,004)**	(2,323)
Decreases owing to mortalities	**(1,317)**	(878)
Transfer to inventory	**(42,857)**	(38,912)
Balance at November 30,	**$ 33,766**	$ 40,737

Reconciliation of changes in book value of sturgeon

(in thousands)	2019	2018
Balance at December 1,	**$ 9,848**	$ 9,719
Increases owing to production and purchases	**6,459**	6,819
Loss from change in fair value	**(1,217)**	(659)
Decreases owing to mortalities	**(797)**	(1,523)
Transfer to inventory	**(5,861)**	(4,508)
Balance at November 30,	**$ 8,432**	$ 9,848

Fair value adjustments on biological assets in the income statement

(in thousands)	For the years ended November 30, 2019	2018
Work in process, turbot and sole	**$ (4,767)**	$ 6,111
Work in process, sturgeon	**(1,217)**	(659)
Finished goods	**861**	–
Total fair value adjustment recognised in the income statement	**$ (5,123)**	$ 5,452

Value of biological assets at fair value

(in thousands)	As of November 30, 2019	2018
Work in process, turbot and sole	**$ 30,062**	$ 37,247
Work in process, sturgeon	**8,097**	9,633
Total assets held at fair value included in the balance sheet	**$ 38,159**	$ 46,880

Volumes of biomass (in tonnes)

(in tonnes)	As of November 30, 2019	2018
Volume of biomass harvested during the year (live weight)	**6,903**	6,188
Volume of biomass in the water at year end (live weight)	**4,370**	4,645

Value of juvenile biological assets at cost

(in thousands)	As of November 30, 2019	2018
Turbot and sole	**$ 3,704**	$ 3,490
Sturgeon	**335**	215
Total assets held at cost included in the balance sheet	**$ 4,039**	$ 3,705

The income statement impact relating to the change in carrying value when juvenile assets have reached maturity is immaterial for the years ended November 30, 2019 and 2018.

The Group is exposed to risks arising from fluctuations in the price of turbot, sole and caviar and monitors the effect of price changes on profitability.

14. PROPERTY, PLANT AND EQUIPMENT

Accounting policy

(i) Recognition and measurement

Property, plant and equipment is stated at cost less accumulated depreciation and any recognised impairment loss.

Cost includes expenditures that are directly attributable to the acquisition of the asset. Borrowing costs directly attributable to the construction of significant assets are added to the cost of such assets until they are ready for their intended use. The cost of ships includes the contract price, pre-delivery costs incurred during the construction of newbuildings, borrowing costs and any material expenses incurred upon acquisition such as improvements and delivery expenses to prepare the ships for their initial voyage.

Leases in which the Group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases and are included within property, plant and equipment. Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings.

Leased assets acquired by way of finance leasing are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses. The corresponding liability to the lessor is included as a finance lease obligation.

(ii) Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful life of each component of an item of property, plant and equipment. Land and assets under construction are not depreciated. Property, plant and equipment is depreciated to a residual value which reflects management's estimate of scrap value or otherwise recoverable value at the end of the estimated useful life of the asset. Residual values and economic lives are reviewed annually.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant leases.

(iii) Impairment of tangible and intangible assets with finite useful lives

Tangible assets and intangible assets with finite lives are tested for impairment if there are indications of impairment. The carrying amounts of the Group's tangible and finite-lived intangible assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the extent of any impairment loss. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Ship newbuildings and other assets under construction are tested for impairment when there is an indication of impairment.

The Group measures the recoverable amount of assets by comparing their carrying amount with the higher of their fair value less costs of disposal ("FVLCD") or value in use ("VIU").

FVLCD is determined as the amount that would be obtained from the sale of the asset in an orderly transaction between market participants. FVLCD is generally determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset, including any expansion projects, and its eventual disposal, using assumptions that an independent market participant may take into account. These cash flows are discounted at an appropriate rate to arrive at a net present value of the asset.

VIU is determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset in its present form and its eventual disposal. VIU is determined by applying assumptions specific to the Group's continued use and cannot take into account future development. These assumptions are different from those used in calculating fair value and consequently the value in use calculation is likely to give a different result to a fair value calculation.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

An impairment loss, other than for goodwill, is reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

(iv) Subsequent costs – drydocking costs

Upon acquisition of a ship, the estimated cost of each component of drydocking is deducted from the initial cost of the ship and separately capitalised and depreciated over its estimated life. Ships drydock every five years thereafter. After a ship is 15 years old a shipping society classification intermediate survey is performed between the second and third year of the five-year drydocking period. The Group capitalises a substantial portion of the costs incurred during drydocking, including the survey costs, and depreciates those costs on a straight-line basis from the time of completion of a drydocking or intermediate survey based on the estimated life of each component of the drydocking. The residual value of the drydocking components is zero. The Group expenses costs related to routine repairs and maintenance incurred during drydocking that do not improve or extend the useful lives of the ships. If the drydock results in an extension of the life of a ship, then the estimated useful life of the ship is changed accordingly.

Notes to the Financial Statements continued

(v) Estimated useful lives

The estimated useful lives are as follows:

	Average Years
Buildings	15 to 50
Ships and barges	25 to 30
Tank containers	10 to 20
Plant and equipment:	
Terminal tanks and structures	10 to 30
Terminal other support equipment and other assets	5 to 20
SSF transportation equipment	4 to 5
SSF operating equipment and other assets	5 to 15
Other assets	5 to 40
Leasehold improvements	5 to 10

Average years exclude immaterial assets.

(vi) Disposals

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset, and is recognised in the income statement.

Cost (In thousands)	Land	Buildings	Ships and Barges	Tank Containers	Plant and Equipment	Leasehold Improvements	Construction In Progress	Total
Balance at December 1, 2017	**$ 66,511**	**$ 144,500**	**$ 3,293,447**	**$ 510,985**	**$ 1,274,846**	**$ 13,319**	**$ 134,012**	**$ 5,437,620**
Additions	17	1,961	1,981	1,108	9,207	741	149,963	164,978
Disposals and retirements	(291)	(7,057)	(60,063)	(10,095)	(13,704)	(211)	(1,469)	(92,890)
Deconsolidation of Avenir	(2,807)	–	–	–	–	–	(17,821)	(20,628)
Net foreign exchange differences	(2,982)	(7,003)	(3,186)	(470)	(31,450)	(336)	(5,893)	(51,320)
Transfers	–	(4,184)	39,407	–	116,317	1,812	(153,352)	–
Reclasses and other	–	(144)	–	–	(322)	(41)	(344)	(851)
Balance at November 30, 2018	**$ 60,448**	**$ 128,073**	**$ 3,271,586**	**$ 501,528**	**$ 1,354,894**	**$ 15,284**	**$ 105,096**	**$ 5,436,909**
Additions	150	1,489	1,624	599	5,232	111	151,996	161,201
Disposals and retirements	(2,018)	(1,127)	(45,935)	(7,069)	(11,485)	(415)	(5,536)	(73,585)
Net foreign exchange differences	(1,076)	(2,017)	(1,814)	(136)	(19,767)	(622)	(1,892)	(27,324)
Transfers	931	2,659	45,360	–	97,774	(5,803)	(140,921)	–
Reclasses and other	–	(316)	–	–	(396)	–	–	(712)
Balance at November 30, 2019	**$ 58,435**	**$ 128,761**	**$ 3,270,821**	**$ 494,922**	**$ 1,426,252**	**$ 8,555**	**$ 108,743**	**$ 5,496,489**

Accumulated depreciation and impairment (in thousands)	Land	Buildings	Ships and Barges	Tank Containers	Plant and Equipment	Leasehold Improvements	Construction In Progress	Total
Balance at December 1, 2017	**$ –**	**$ 50,406**	**$ 1,278,882**	**$ 197,422**	**$ 463,195**	**$ 7,106**	**$ –**	**$ 1,997,011**
Depreciation expense	–	4,845	174,944	20,613	60,095	695	–	261,192
Impairments	–	–	11,804	–	4,026	–	–	15,830
Disposals and retirements	–	(3,208)	(52,701)	(9,066)	(14,288)	(255)	–	(79,518)
Net foreign exchange differences	–	(2,207)	(1,944)	(247)	(13,679)	(170)	–	(18,247)
Transfers	–	(3,671)	–	–	3,671	–	–	–
Reclasses and other	–	(159)	34	(19)	135	(43)	–	(52)
Balance at November 30, 2018	**$ –**	**$ 46,006**	**$ 1,411,019**	**$ 208,703**	**$ 503,155**	**$ 7,333**	**$ –**	**$ 2,176,216**
Depreciation expense	–	5,384	159,144	19,910	66,384	579	–	251,401
Impairments	–	–	–	–	–	–	5,500	5,500
Disposals and retirements	–	(49)	(43,928)	(5,656)	(7,948)	(369)	(5,500)	(63,450)
Net foreign exchange differences	–	(688)	(1,069)	(70)	(10,249)	(21)	–	(12,097)
Reclasses and other	–	(726)	–	–	1,501	(981)	–	(206)
Balance at November 30, 2019	**$ –**	**$ 49,927**	**$ 1,525,166**	**$ 222,887**	**$ 552,843**	**$ 6,541**	**$ –**	**$ 2,357,364**
Net book value:								
At November 30, 2018	**$ 60,448**	**$ 82,067**	**$ 1,860,567**	**$ 292,825**	**$ 851,739**	**$ 7,951**	**$ 105,096**	**$ 3,260,693**
At November 30, 2019	**$ 58,435**	**$ 78,834**	**$ 1,745,655**	**$ 272,035**	**$ 873,409**	**$ 2,014**	**$ 108,743**	**$ 3,139,125**

Notes to the Financial Statements continued

The net book value of assets under finance leases was nil at both November 30, 2019 and 2018.

Owing to a change in steel prices, residual values of fully owned ships increased by approximately $27.0 million for fully owned vessels and $8.1 million for the Group's share in joint venture ships. This resulted in lower depreciation of $4.0 million during the year ended November 30, 2019.

During the year ended November 30, 2019, the Group had additions of property, plant and equipment of $161.2 million. Cash spent during the period primarily reflected i) $68.7 million on terminal capital expenditures, ii) $27.6 million on drydocking of ships, iii) $33.6 million on tankers capital expenditures, iv) $5.7 million on the purchase of tank containers and construction at depots, and v) $18.1 million on Stolt Sea Farm capital expenditures. Interest of $1.7 million was capitalised on the new construction of terminals.

Proceeds of $12.5 million were received from the sale of ships, retirement of tank containers and other assets during the year ended November 30, 2019.

Certain property, plant and equipment assets have been pledged as security on loans. See Note 22 for additional details.

Plant and equipment principally includes assets of the Terminal and Stolt Sea Farm businesses.

Impairment of non-current assets

The Group considers the relationship between its market capitalisation and its book value, among other factors, when reviewing for indicators of impairment. During the fourth quarter, the market capitalisation of the Group was below the book value of its equity, indicating a potential impairment. As a result, the Group performed its annual impairment test in the years ended November 30, 2019 and 2018.

Terminals

The Group booked impairments aggregating to $5.5 million and $4.0 million for the years ended November 30, 2019 and 2018, respectively. This was based on an assessment of the carrying value compared with fair value less cost of disposal ("FVLCD") using discounted cash flow models (Level 3 valuation method).

Bitumen ships

The Group used fair value less cost of disposal ("FVLCD") to determine the recoverable amount of Bitumen ships. FVLCD is based on broker values from independent ship brokers. As a result of this analysis, the Group recognised an impairment of $11.8 million for the year ended November 30, 2018. All Bitumen division's assets are reflected under the Corporate and Other Business Segment.

15. INTANGIBLE ASSETS AND GOODWILL

Accounting policy

Goodwill represents amounts arising on the acquisition of subsidiaries, associates and joint ventures. Goodwill arising on acquisition represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired. Identifiable intangible assets are those that can be sold separately, or which arise from legal rights regardless of whether those rights are separable.

Goodwill is initially recognised at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment, or more frequently when there is an indication that the cash-generating unit("CGU") is impaired. With respect to associates and joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment in the associate or joint venture.

Goodwill is tested for impairment on an annual basis for each CGU to which the goodwill is allocated. When goodwill is monitored at the level of a group of CGUs, it is tested for impairment at that level. The Group's goodwill relates to the Tankers, Tank Container and Terminal segments.

In the case of bargain purchases, the excess of net assets acquired over the fair value of the consideration paid arising on an acquisition is recognised in other operating income in the income statement in the period in which the acquisition is completed.

With the exception of goodwill, the Group does not have any intangible assets with indefinite useful lives.

Other intangible assets with finite lives that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses. Amortisation of customer contracts is charged to operating revenue over the life of the contracts based on the underlying cash flows. Other finite-lived intangibles are charged to the income statement under operating expenses over the estimated useful lives of the intangible assets on a straight-line basis. The trademark intangible is being amortised over a 10-year life while the customer relations and contract intangibles are amortised from two to 14 years and computer software is amortised over an average life of three to 10 years.

See Note 14 for the accounting policy for the impairment of intangible assets with finite lives.

Intangible assets are shown below:

(in thousands)	Goodwill	Trademark	Customer Relations/ Contracts	Computer Software	Other	Total
Cost:						
Balance, December 1, 2017	**$ 39,783**	**$ 1,552**	**$ 14,421**	**$ 50,711**	**$ 630**	**$ 107,097**
Additions	–	–	–	3,012	–	3,012
Disposals and retirements	(4,794)	–	(4,954)	(1,788)	–	(11,536)
Deconsolidation of Avenir	(61)	–	–	–	–	(61)
Net foreign exchange differences	(1,239)	(74)	(347)	(1,246)	(45)	(2,951)
Balance, November 30, 2018	**$ 33,689**	**$ 1,478**	**$ 9,120**	**$ 50,689**	**$ 585**	**$ 95,561**
Additions	–	–	–	7,284	–	7,284
Disposals and retirements	–	–	(200)	(78)	(7)	(285)
Net foreign exchange differences	(1,317)	(42)	(273)	(1,318)	(19)	(2,969)
Reclasses	–	–	–	783	(56)	727
Balance, November 30, 2019	**$ 32,372**	**$ 1,436**	**$ 8,647**	**$ 57,360**	**$ 503**	**$ 100,318**
Accumulated amortisation:						
Balance, December 1, 2017	**$ 4,794**	**$ 1,423**	**$ 11,520**	**$ 37,439**	**$ 286**	**$ 55,462**
Amortisation charge for the year	–	123	136	3,153	60	3,472
Impairments	–	–	1,578	–	–	1,578
Disposals and retirements	(4,794)	–	(4,954)	(1,473)	–	(11,221)
Net foreign exchange differences	–	(68)	(184)	(717)	(23)	(992)
Balance, November 30, 2018	**$ –**	**$ 1,478**	**$ 8,096**	**$ 38,402**	**$ 323**	**$ 48,299**
Amortisation charge for the year	–	–	109	3,026	17	3,152
Disposals and retirements	–	–	(192)	(78)	(7)	(277)
Net foreign exchange differences	–	(42)	70	(803)	(11)	(786)
Reclasses	–	–	–	350	(11)	339
Balance, November 30, 2019	**$ –**	**$ 1,436**	**$ 8,083**	**$ 40,897**	**$ 311**	**$ 50,727**
Net book value:						
At November 30, 2018	**$ 33,689**	**$ –**	**$ 1,024**	**$ 12,287**	**$ 262**	**$ 47,262**
At November 30, 2019	**$ 32,372**	**$ –**	**$ 564**	**$ 16,463**	**$ 192**	**$ 49,591**

All intangible assets other than goodwill were subject to amortisation as of November 30, 2019 and 2018.

During the year ended November 30, 2019, the Group spent $7.3 million on intangible assets, mainly on the acquisition of computer software.

At November 30, 2019, goodwill primarily consisted of $5.2 million for goodwill on the JoT acquisition, $15.6 million related to a prior year business combination in the Tank Container segment and $11.5 million related to the Marstel business combination in the Terminals segment.

Revaluation for foreign exchange differences for goodwill and other intangibles amounted to a loss of $2.2 million in the same period.

The Tankers, Tank Container and Terminals segment goodwill has been tested for impairment as of November 30, 2019 and 2018. See Note 2 for further discussion of the method of testing for impairment of goodwill.

The trademark intangible was amortised over a 10-year life and is now fully amortised while the customer relations and contracts intangibles are amortised from two to 14 years and have less than six years remaining. Computer software is amortised over an average life of three to 10 years.

16. INVESTMENTS IN AND ADVANCES TO JOINT VENTURES AND ASSOCIATES

Accounting policy

(i) Associates

Associates are those entities over which the Group is in a position to exercise significant influence but does not control or jointly control the entities' financial and operating policies. Significant influence is exercised generally through direct or indirect ownership of 20% to 50% of the voting rights. Such investments in associates are recorded in the Consolidated Financial Statements using the equity method and are initially recognised at cost. The Consolidated Financial Statements include the Group's share of the total comprehensive income of associates based on the equity method of accounting, from the date that significant influence begins until the date that significant influence ceases.

Investments in associates are carried in the balance sheet at cost as adjusted by post-acquisition changes in the Group's share of net assets of the associate, less any impairment in the value of individual investments. Where necessary, adjustments are made to the Financial Statements of associates to bring the accounting policies used into line with those used by the Group.

When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an associate.

Notes to the Financial Statements continued

(ii) Joint Ventures

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement. Joint control requires unanimous consent of the parties sharing control in the decision-making on relevant activities. The Consolidated Financial Statements include the Group's share of the total comprehensive income of joint ventures based on the equity method of accounting, from the date that joint control begins until the date that joint control ceases. Where necessary, adjustments are made to the Financial Statements of joint ventures to bring the accounting policies used into line with those used by the Group.

Investments in and advances to joint ventures and associates, which are all accounted for using the equity method of accounting, consisted of the following:

(in thousands)	Geographic Location	2019 % Shares	2019 % Voting Rights	As of November 30, 2019	2018
Joint Ventures:					
Tankers material joint ventures:					
NYK Stolt Tankers S.A.	Japan	50	50	**$ 43,818**	$ 48,431
Stolt NYK Asia Pacific Services Inc.	Singapore	50	50	**26,353**	27,678
NYK Stolt Shipholding Inc.	Singapore	50	50	**39,071**	40,085
Shanghai Sinochem-Stolt Shipping Ltd	China	49	50	**34,614**	34,694
Hassel Shipping 4 AS	Norway	50	50	**71,444**	72,719
Tankers non-material joint ventures:					
SIA LAPA, Ltd	Latvia	70	50	**901**	714
Shanghai New Xing Yang Marine Services Co. Ltd	China	40	40	**187**	171
				216,388	224,492
Terminals material joint ventures:					
Oiltanking Stolthaven Antwerp, NV	Belgium	50	50	**100,121**	103,553
Jeong-IL Stolthaven Ulsan Co. Ltd	South Korea	50	50	**102,150**	97,319
Tianjin Lingang Stolthaven Terminal Co.	China	65	50	**19,577**	17,522
Tianjin Lingang Stolthaven Jetty Company	China	40	50	**11,714**	14,195
Terminals non-material joint venture:					
Stolthaven (Westport) Sdn. Bhd.	Malaysia	49	50	**8,577**	8,624
				242,139	241,213
Tank Containers non-material joint ventures:					
Hyop Woon Stolt Transportation Services Co. Ltd	South Korea	50	50	**3,054**	3,100
Kanoo Tank Services Ltd.	Saudi Arabia	60	50	**16,854**	16,378
Stolt Rail Logistics Systems Limited	India	50	50	**4,184**	3,846
Vado Tank Cleaning SRL	Italy	50	50	**1,807**	2,659
Laem Chabang Tank Service Co. Ltd.	Thailand	49	49	**1,194**	977
FSTS CO., Ltd	Thailand	49	49	**773**	678
Joint Tank Services FZCO	UAE	40	40	**2,170**	2,684
				30,036	30,322
SN Gas material joint ventures:					
Avenir LNG Limited[1]	Bermuda	45	45	**45,866**	49,143
Subtotal				**534,429**	545,170
Associates:					
Non-material associates:					
Brovig SS II Indre Selskap	Norway	50	50	**5,358**	5,608
N.C. Stolt Transportation Services Co. Ltd	Japan	50	50	**1,153**	1,070
Seaweed Energy Solutions AS[3]	Norway	3	3	**–**	6
PT Stolt Berkah Mulia Mandiri[2]	Indonesia	–	–	**–**	716
Norterminal A.S.	Norway	25	25	**1,155**	1,540
N.C. Stolt Chuyko Transportation Services Co. Ltd	Japan	35	35	**433**	396
Subtotal				**8,099**	9,336
				$ 542,528	$ 554,506

1. Avenir LNG was previously a subsidiary of the Group and became a joint venture on October 1, 2018.
2. PT Stolt Berkah Mulia Mandiri was sold in 2019.
3. Seaweed Energy Solutions AS is not classified as an associate for the year ended November 30, 2019.

(in thousands)	Joint Ventures	Associates	Total
Balance, December 1, 2017	**$ 492,183**	**$ 39,747**	**$ 531,930**
Share of profit (loss) of joint ventures and associates	35,829	(3,469)	32,360
Dividends	(22,166)	(38)	(22,204)
Net foreign exchange differences	(12,403)	(17)	(12,420)
Impairment of advances to joint ventures	(3,557)	–	(3,557)
Net loss on pension schemes held by joint venture	(844)	–	(844)
Investment in joint venture	49,500	–	49,500
Advances to joint ventures, net	5,945	–	5,945
Net income on cash flow hedges held by joint ventures and associates	2,572	880	3,452
Transfer of AGHL to investment in equity instrument	–	(27,939)	(27,939)
Other	(1,889)	172	(1,717)
Balance, November 30, 2018	**$ 545,170**	**$ 9,336**	**$ 554,506**
Share of profit (loss) of joint ventures and associates	23,133	43	23,176
Dividends	(15,317)	(585)	(15,902)
Net foreign exchange differences	(9,461)	(45)	(9,506)
Net (loss) gain on cash flow hedges held by joint ventures	(6,940)	37	(6,903)
Repayment of advances to joint ventures, net	(2,014)	–	(2,014)
Net actuarial loss on pension schemes held by joint venture	(497)	–	(497)
Investment in joint venture	382	–	382
Disposal of associate	–	(687)	(687)
Other	(27)	–	(27)
Balance, November 30, 2019	**$ 534,429**	**$ 8,099**	**$ 542,528**

Notes to the Financial Statements continued

Summarised financial information of material joint ventures

Summarised financial information of the Group's material joint ventures representing 100% of the respective amounts included in the individual joint ventures' Financial Statements is as follows as of and for the years ended November 30, 2019 and 2018:

	NYK Stolt Tankers S.A.		Stolt NYK Asia Pacific Services Inc		NYK Stolt Shipholding Inc.		Shanghai-Sinochem Stolt Shipping Ltd		Hassel Shipping 4 A.S.	
(in thousands)	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
Selected Balance Sheet Information										
Cash and cash equivalents	**$ 7,123**	$ 5,273	**$ 3,465**	$ 4,998	**$ 11,007**	$ 4,058	**$ 10,521**	$ 5,908	**$ 17,104**	$ 13,971
Current assets, other than cash	**7,286**	8,904	**12,523**	13,411	**10,478**	2,779	**5,400**	7,018	**10,747**	10,218
Current assets	**14,409**	14,177	**15,988**	18,409	**21,485**	6,837	**15,921**	12,926	**27,851**	24,189
Non-current assets	**170,634**	183,371	**42,582**	42,612	**202,918**	220,526	**61,835**	66,643	**329,755**	355,274
Total Assets	**185,043**	197,548	**58,570**	61,021	**224,403**	227,363	**77,756**	79,569	**357,606**	379,463
Financial liabilities, other than accounts payable	**32,081**	35,084	**–**	–	**10,626**	9,442	**2,620**	3,577	**16,368**	16,359
Other current liabilities	**231**	576	**5,865**	5,666	**7,307**	7,346	**5,027**	3,546	**–**	4,107
Current liabilities	**32,312**	35,660	**5,865**	5,666	**17,933**	16,788	**7,647**	7,123	**16,368**	20,466
Financial liabilities	**115,741**	120,748	**–**	–	**127,072**	130,349	**–**	2,156	**200,914**	220,129
Non-current liabilities	**–**	–	**–**	–	**1,200**	–	**–**	–	**4,532**	–
Total non-current liabilities	**115,741**	120,748	**–**	–	**128,272**	130,349	**–**	2,156	**205,446**	220,129
Net Assets	**$ 36,990**	$ 41,140	**$ 52,705**	$ 55,355	**$ 78,198**	$ 80,226	**$ 70,109**	$ 70,290	**$ 135,792**	$ 138,868
Selected Income Statement Information										
Operating revenue	**$ 40,996**	$ 33,219	**$ 87,397**	$ 88,955	**$ 70,735**	$ 54,779	**$ 32,859**	$ 35,925	**$ 53,354**	$ 54,950
Depreciation and amortisation	**12,629**	15,375	**–**	–	**15,797**	16,634	**4,665**	4,722	**13,985**	13,928
Finance income	**–**	–	**1,466**	1,291	**93**	95	**15**	38	**259**	230
Finance expense	**6,250**	5,340	**27**	–	**4,798**	4,184	**–**	–	**11,737**	13,792
Profit (loss) before taxes	**1,450**	(1,311)	**(2,650)**	(4,387)	**(841)**	4,504	**3,866**	5,026	**4,019**	3,426
Income tax expense	**–**	–	**–**	–	**–**	–	**883**	1,265	**–**	–
Net profit (loss)	**1,450**	(1,311)	**(2,650)**	(4,387)	**(841)**	4,504	**2,983**	3,761	**4,019**	3,426
Other comprehensive (loss) income	**(5,600)**	571	**–**	–	**(1,187)**	–	**(809)**	(5,460)	**(7,095)**	6,608
Total comprehensive (loss) income	**$ (4,150)**	$ (740)	**$ (2,650)**	$ (4,387)	**$ (2,028)**	$ 4,504	**$ 2,174**	$ (1,699)	**$ (3,076)**	$ 10,034
Dividends received by Group	**$ –**	$ –	**$ –**	$ –	**$ –**	$ 3,000	**$ 1,147**	$ 1,253	**$ –**	$ –

Long-term financial liabilities for NYK Stolt Tankers S.A. included shareholder loans of $51.5 million and $56.7 million for the years ended November 30, 2019 and 2018, respectively.

$42.0 million of the financial liabilities included in NYK Stolt Shipholding Inc. related to notes payable to Stolt NYK Asia Pacific Services Inc. at both November 30, 2019 and 2018.

Hassel Shipping 4 A.S. included $3.6 million of shareholders loans at November 30, 2019 and November 30, 2018.

(in thousands)	Avenir LNG Ltd (a) June 30, 2019	Avenir LNG Ltd (a) December 31, 2018	Oiltanking Stolthaven Antwerp, NV 2019	Oiltanking Stolthaven Antwerp, NV 2018	Jeong-IL Stolthaven Ulsan Co. Ltd 2019	Jeong-IL Stolthaven Ulsan Co. Ltd 2018	Tianjin Lingang Stolthaven Terminal Co. 2019	Tianjin Lingang Stolthaven Terminal Co. 2018	Tianjin Lingang Stolthaven Jetty Company 2019	Tianjin Lingang Stolthaven Jetty Company 2018
Selected Balance Sheet Information										
Cash and cash equivalents	**$ 54,879**	$ 73,570	**$ 9,305**	$ 5,341	**$ 15,935**	$ 5,416	**$ 1,574**	$ 1,558	**$ 1,375**	$ 2,658
Current assets, other than cash	**3,480**	3,248	**12,785**	15,615	**10,861**	13,321	**555**	295	**1,701**	2,928
Current assets	**58,359**	76,818	**22,090**	20,956	**26,796**	18,737	**2,129**	1,853	**3,076**	5,586
Non-current assets	**43,443**	22,682	**356,489**	380,356	**380,245**	396,342	**42,788**	44,672	**27,909**	29,205
Total Assets	**101,802**	99,500	**378,579**	401,312	**407,041**	415,079	**44,917**	46,525	**30,985**	34,791
Financial liabilities, other than accounts payable	**119**	–	**35,854**	18,374	**49,045**	21,951	**3,135**	4,309	**–**	–
Other current liabilities	**6,884**	1,876	**10,847**	28,220	**9,215**	15,132	**3,547**	2,778	**1,380**	5,074
Current liabilities	**7,003**	1,876	**46,701**	46,594	**58,260**	37,083	**6,682**	7,087	**1,380**	5,074
Financial liabilities	**720**	–	**89,044**	131,727	**136,391**	178,270	**13,482**	–	**–**	–
Non-current liabilities	**–**	–	**82,438**	56,866	**17,529**	15,501	**–**	12,616	**–**	–
Total non-current liabilities	**720**	–	**171,482**	188,593	**153,920**	193,771	**13,482**	12,616	**–**	–
Net Assets	**$ 94,079**	$ 97,624	**$ 160,396**	$ 166,125	**$ 194,861**	$ 184,225	**$ 24,753**	$ 26,822	**$ 29,605**	$ 29,717
Selected Income Statement Information										
Operating revenue	**$ 511**	$ 491	**$ 108,934**	$ 117,389	**$ 88,480**	$ 86,932	**$ 5,603**	$ 5,347	**$ 7,776**	$ 8,704
Depreciation and amortisation	**61**	13	**30,625**	30,142	**10,951**	9,736	**2,710**	3,206	**1,489**	1,592
Finance income	**554**	313	**47**	–	**–**	–	**–**	–	**–**	54
Finance expense	**44**	119	**7,175**	8,132	**5,877**	6,363	**980**	738	**12**	–
Profit (loss) before taxes	**(3,473)**	(10,437)	**24,605**	29,614	**34,460**	35,202	**(1,817)**	(2,183)	**3,144**	3,784
Income tax expense (benefit)	**30**	5	**7,355**	(6,827)	**7,768**	7,880	**–**	1,801	**762**	950
Net profit (loss)	**(3,503)**	(10,442)	**17,250**	36,441	**26,692**	27,322	**(1,817)**	(3,984)	**2,382**	2,834
Other comprehensive (loss) income	**(67)**	(259)	**(5,243)**	(13,346)	**(9,529)**	(6,518)	**(252)**	(1,473)	**(378)**	(1,182)
Total comprehensive income (loss)	**$ (3,570)**	$ (10,701)	**$ 12,007**	$ 23,095	**$ 17,163**	$ 20,804	**$ (2,069)**	$ (5,457)	**$ 2,004**	$ 1,652
Dividends received by Group	**$ –**	$ –	**$ 8,868**	$ 10,935	**$ 3,264**	$ 3,174	**$ –**	$ –	**$ 846**	$ 2,992

a) Avenir LNG Ltd is publicly traded on the Norwegian over the counter market ("NOTC"). The financial statements for June 30, 2019 and December 31, 2018 are included on the NOTC. Results from June 30, 2019 to November 30, 2019 are based on management's best estimate of Avenir LNG Ltd's performance.

During the year ended November 30, 2018, the Group's Belgian joint venture reduced its net deferred tax liabilities owing to a reduction in Belgian Corporate tax rates. The Group's 50% share was $8.2 million and is included within Share of profit from joint ventures and associates.

Tianjin Lingang Stolthaven Terminal Co. has $7.0 million and $3.6 million of shareholder loans at November 30, 2019 and 2018, respectively.

Tianjin Lingang Stolthaven Jetty Company repaid its shareholder loans during the year. At November 30, 2018, it had $3.5 million outstanding.

The above joint ventures, other than Avenir LNG Ltd, are private companies and there are no quoted market prices available for their shares. The market price of Avenir' shares was NOK 13 per share at November 30, 2019.

Notes to the Financial Statements continued

Description of the nature of activities of the material joint ventures

NYK Stolt Tankers is a joint venture with NYK Line which owns six parcel tankers which participate in the Joint Service. The Group performs marketing, operational, administration and ship owning services for NYK Stolt Tankers' fleet in the deep-sea intercontinental market. The Group considers the investment in NYK Stolt Tankers to be strategic as it provides sophisticated tonnage to the Joint Service.

Stolt NYK Asia Pacific Services Inc ("SNAPS") is a joint venture with NYK Line which operates 13 ships in the East Asia and South East Asia areas, with the tankers marketed by the Group's offices in these regions. NYK Stolt Shipholding Inc ("NSSH") is a ship-owning joint venture and owns 12 of the ships operated by SNAPS. The investments in SNAPS and NSSH are considered to be strategic to the Group by serving the East Asia and South East Asia markets and supporting customers of the Joint Service.

Hassel Shipping 4 A.S. is a 50% joint venture with J.O. Invest AS for the joint ownership and operation of eight 33,000 dwt, stainless steel, chemical tankers ordered at New Times Shipbuilding Co. Ltd. ("New Times Shipbuilding") in China. The ships are operated through the Joint Service. This joint venture was acquired as a part of the JoT acquisition and is considered to be strategic as it provides sophisticated tonnage to the Joint Service.

Shanghai Sinochem-Stolt Shipping Ltd is a joint venture with Sinochem Shipping Co. Ltd to operate chemical tankers in the Chinese coast cabotage market. As of November 30, 2019, the joint venture operated eight ships.

Avenir LNG is a 45% owned joint venture with Golar and Höegh LNG Holdings Ltd. and supplies LNG for the power, bunkering, trucking and industrial markets. See below for discussion of its establishment in 2018 and Note 27 for details on commitments and contingencies. Avenir is listed on the N-OTC.

Oiltanking Stolthaven Antwerp, NV ("OTSA") is a 50% owned joint venture with Oiltanking GMBH and has a terminal facility in Antwerp, Belgium which provides independent tank terminal services in the Port of Antwerp for bulk liquid products, animal and vegetable oils and gas and other products. The investment in OTSA is considered to be strategic to the Group as it is integral to the Group's ability to provide an efficient ship-terminal interface.

Jeong-IL Stolthaven Ulsan Co. Ltd ("JSTT") is a 50% owned joint venture that owns a terminal facility in Ulsan, South Korea which provides independent tank terminal services for primarily clean petroleum and chemical products. The Group considers its investment in JSTT to be strategic as it is integral in the Group's ability to provide an efficient ship-terminal interface.

Tianjin Lingang Stolthaven Terminal Co., a 65% owned joint venture with the Lingang Harbor Affairs Company ("LHAC"), owns a terminal facility in Tianjin, China. It is considered to be a joint venture as all significant decisions are made unanimously.

Tianjin Lingang Stolthaven Jetty Company, a 40% owned joint venture with LHAC, owns and operates a jetty and docks in Tianjin, China. It is considered to be joint venture as all significant decisions are made unanimously.

Avenir LNG Limited Formation

On October 1, 2018, the Group, Golar and Höegh LNG Holdings Ltd. made an initial $99.0 million investment in Avenir LNG, previously a subsidiary of the Group. Golar and Höegh LNG Holdings Ltd. each contributed $24.8 million of cash. The Group's contribution to Avenir LNG was $49.5 million, consisting of the following:

(in thousands)		
Cash	$	17,019
Capitalised costs for newbuilding contracts		16,671
SNL subsidiaries' development costs		10,000
Higas investment		5,800
	$	**49,490**

Following this transaction, the Group owned 50% of voting rights of Avenir LNG. A Shareholders' agreement was entered into between the Group, Golar and Höegh LNG Holdings Ltd., which provides that the future operations of Avenir LNG will be jointly controlled by the Shareholders. As a result of the transaction, the Group deconsolidated Avenir LNG and will account for it as an investment in a joint venture. On November 13, 2018, Avenir LNG closed a placement of 11 million new shares with institutional and professional investors. This diluted the Group's holding to 45% of the voting rights of Avenir LNG. In October 2019, an additional 325,000 shares were acquired on the Norwegian OTC for $0.4 million.

A gain of $11.2 million was recognised by the Group in 2018 owing to a difference in the fair value of the consideration compared with the carrying value of the assets disposed. This was included in Other non-operating income.

The difference between the Group's share of the fair value of Avenir LNG and the underlying net assets subsequent to the above transaction was $5.6 million. Of this amount, $5.5 million was allocated to the newbuilding deposits and $0.1 million considered to be goodwill. At the end of the prior year, the allocation of the purchase price was provisional. It has now been finalised and there have been no changes to the allocation.

Reconciliation of Summarised Financial Information from Prior Year Net Assets to Investment in and Advances to Joint Ventures

(in thousands)	NYK Stolt Tankers S.A. 2019	NYK Stolt Tankers S.A. 2018	Stolt NYK Asia Pacific Services Inc 2019	Stolt NYK Asia Pacific Services Inc 2018	NYK Stolt Shipholding Inc. 2019	NYK Stolt Shipholding Inc. 2018	Shanghai-Sinochem Stolt Shipping Ltd 2019	Shanghai-Sinochem Stolt Shipping Ltd 2018	Hassel Shipping 4 AS 2019	Hassel Shipping 4 AS 2018
Net Assets:										
Balance, December 1	**$ 41,140**	$ 41,880	**$ 55,355**	$ 59,742	**$ 80,226**	$ 81,722	**$ 70,290**	$ 74,545	**$ 138,868**	$ 95,056
Profit (loss) for the year	**1,450**	(1,311)	**(2,650)**	(4,387)	**(841)**	4,504	**2,983**	3,761	**4,019**	3,426
Capital contribution	**–**	–	**–**	–	**–**	–		–	**–**	33,778
Dividends	**–**	–	**–**	–	**–**	(6,000)	**(2,355)**	(2,556)	**–**	–
Other comprehensive (loss) gain	**(5,600)**	571	**–**	–	**(1,187)**	–	**(809)**	(5,460)	**(7,095)**	6,608
Balance, November 30	**36,990**	41,140	**52,705**	55,355	**78,198**	80,226	**70,109**	70,290	**135,792**	138,868
Percentage owned	**50%**	50%	**50%**	50%	**50%**	50%	**49%**	49%	**50%**	50%
Interest in joint venture	**18,495**	20,570	**26,353**	27,678	**39,099**	40,113	**34,353**	34,442	**67,896**	69,434
Purchase adjustment to property	**–**	–	**–**	–	**–**	–	**–**	–	**2,978**	2,715
Amounts eliminated owing to transactions with the Group	**(455)**	(477)	**–**	–	**–**	–	**–**	–	**–**	–
Advances	**25,778**	28,338	**–**	–	**–**	–	**–**	–	**570**	570
Other	**–**	–	**–**	–	**(28)**	(28)	**261**	252	**–**	–
Investment in and advances to joint ventures	**$ 43,818**	$ 48,431	**$ 26,353**	$ 27,678	**$ 39,071**	$ 40,085	**$ 34,614**	$ 34,694	**$ 71,444**	$ 72,719

(in thousands)	Oiltanking Stolthaven Antwerp, NV 2019	Oiltanking Stolthaven Antwerp, NV 2018	Jeong-IL Stolthaven Ulsan Co. Ltd 2019	Jeong-IL Stolthaven Ulsan Co. Ltd 2018	Tianjin Lingang Stolthaven Terminal Co. 2019	Tianjin Lingang Stolthaven Terminal Co. 2018	Tianjin Lingang Stolthaven Jetty Company 2019	Tianjin Lingang Stolthaven Jetty Company 2018
Net Assets:								
Balance, December 1	**$ 166,125**	$ 164,896	**$ 184,225**	$ 169,768	**$ 26,822**	$ 32,279	**$ 29,717**	$ 35,545
Profit (loss) for the year	**17,250**	36,441	**26,692**	27,322	**(1,817)**	(3,984)	**2,382**	2,834
Dividends	**(17,736)**	(21,866)	**(6,527)**	(6,347)	**–**	–	**(2,116)**	(7,480)
Other comprehensive loss	**(5,243)**	(13,346)	**(9,529)**	(6,518)	**(252)**	(1,473)	**(378)**	(1,182)
Balance, November 30	**160,396**	166,125	**194,861**	184,225	**24,753**	26,822	**29,605**	29,717
Percentage owned	**50%**	50%	**50%**	50%	**65%**	65%	**40%**	40%
Interest in joint venture	**80,198**	83,063	**97,431**	92,113	**16,090**	17,434	**11,842**	11,887
Advances	**–**	–	**–**	–	**3,487**	88	**–**	2,437
Purchase adjustment to property	**5,114**	5,212	**–**	–	**–**	–	**–**	–
Goodwill	**14,809**	15,278	**4,719**	5,206	**–**	–	**–**	–
Other	**–**	–	**–**	–	**–**	–	**(128)**	(129)
Investment in and advances to joint ventures	**$ 100,121**	$ 103,553	**$ 102,150**	$ 97,319	**$ 19,577**	$ 17,522	**$ 11,714**	$ 14,195

Notes to the Financial Statements continued

Summarised financial information for non-material joint ventures and associates

In aggregate, the Group's investments in and advances to non-material joint ventures were $39.7 million and $39.8 million and in the non-material associates were $8.1 million and $9.3 million for the years ended November 30, 2019 and 2018, respectively. The below summarises the financial information of the non-material joint ventures and associates:

(in thousands)	For the years ended November 30, 2019	2018
Joint Ventures		
Profit before taxes	**$ 5,241**	$ 5,315
Income tax expense	**1,105**	171
Net profit	**4,136**	5,144
Other comprehensive loss	**(113)**	(756)
Total comprehensive income	**$ 4,023**	$ 4,388

(in thousands)	For the years ended November 30, 2019	2018
Associates		
Loss before taxes	**$ (339)**	$ (1,637)
Income tax expense	**99**	58
Net loss	**(438)**	(1,695)
Other comprehensive loss	**(222)**	(385)
Total comprehensive loss	**$ (660)**	$ (2,080)

Commitments

The Group has no commitments to joint ventures as of November 30, 2019. Capital commitments in joint ventures are in Note 27.

See Note 28 for amounts due from and to the Group from joint ventures and associates.

17. MARKETABLE SECURITIES AND INVESTMENTS IN EQUITY INSTRUMENTS

Accounting policy

Investments in equity instruments which are designated as fair value through other comprehensive income ("FVTOCI") are carried at their fair value and remeasured each period. Movements in the carrying amount are taken through other comprehensive income. Upon disposal of these equity investments, any balance within other comprehensive income for these equity investments is reclassified to retained earnings and is not reclassified to profit or loss.

Debt instruments that do not meet the criteria to be classified as amortised cost or FVTOCI are measured at fair value through profit or loss ("FVTPL"). They are initially recognised at fair value and re-measured each period with movements in the carrying amount recognised. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the profit or loss statement within other non-operating income/expense in the period in which it arises. Interest income from these financial assets is included in the finance income.

Equity investments designated at FVTOCI

At November 30, 2019, the Group had an investment in Golar that is designated as FVTOCI as it is a strategic investment for the Group. The Group sold its investment in AGHL, which had also been designated as FVTOCI, in 2019 for proceeds of $25.9 million and recognised a gain of $10.8 million through Shareholders' equity.

Dividends of $1.0 million and $0.5 million were received for the years ended November 30, 2019 and 2018, respectively.

Investments in equity instruments decreased owing to the change in FMV of the Golar shares and sale of AGHL shares during the year. A summary of changes in value of investments in equity instruments for the year ended November 30, 2019 and the comparative period is summarised below:

(in thousands)	For the years ended November 30, 2019	2018
Golar		
Number of equity shares	**2,330**	2,330
Percentage of shareholding	**2.3%**	2.3%
Share price as of November 30	**$13.02**	$26.64
(Loss) gain on FVTOCI	**(31,733)**	4,497
Cumulative loss on FVTOCI	**(73,050)**	(41,317)
Value of investment	**$ 30,334**	$ 62,067
AGHL		
Number of equity shares	**–**	5,479
Percentage of shareholding	**–**	8.61%
Share price as of November 30	**–**	$2.22
Gain (loss) on FVTOCI	**13,766**	(2,917)
Cumulative gain (loss) on FVTOCI	**–**	(2,917)
Value of investment	**$ –**	$ 12,138
Net (loss) gain on FVTOCI	**(17,967)**	1,580
Total value of Investments in equity instruments	**$ 30,334**	$ 74,205

AGHL

During the year ended November 30, 2019, the Group divested of its shareholding in Avance Gas Holding Limited ("AGHL") as it was no longer considered to be a strategic investment.

At the Annual General Meeting of AGHL held on July 13, 2018, the Group's two representatives on the Board did not stand for re-election. As a result, the Group no longer held significant influence with effect from July 13, 2018 and AGHL ceased to be an associate. Accordingly, from that date, the Group changed the method of accounting for this investment from the equity method to fair value through Other comprehensive income, which resulted in a one-time fair value loss of $12.9 million. This loss represents the difference between the carrying amount and fair value of the AGHL investment at July 13, 2018 and is recognised within Other non-operating expenses in the Income Statement during the year ended November 30, 2018.

From July 13, 2018, the investment in AGHL was classified as an equity instrument and fair value gains and losses were recognised through Other comprehensive income.

18. INSURANCE CLAIMS RECEIVABLE

The Group maintains insurance to cover a number of risks including employee health, workers' compensation, pollution, damages to hull and machinery for each of our ships, property damages, war damage and general liabilities for third-party claims. The Group recognises a provision for future expected payments to third parties plus self-insured liabilities (deductibles) in respect of all claims (see Note 26, Provisions).

The Group recognises insurance reimbursement receivables from insurers for third-party claims at the time the recovery is virtually certain. Substantially all of the long-term insurance reimbursement receivables are for claims such as collision, property damage, pollution, environmental damage, general average, injury and cargo claims. The liabilities associated with the claims are estimated based on the specific merits of the individual claims.

At November 30, 2019, the Group included $207.8 million for long-term insurance claims receivables. During 2019, the Group changed its policy on disclosing its claims provisions and claims receivables by disclosing them separately on the balance sheet, rather than netting the receivables against the provision.

At November 30, 2019, substantially all of the long-term insurance claims receivables and Long-term provision relate to the civil action as a result of the fire on the *MSC Flaminia* and the collision involving the *Stolt Commitment* (see in Note 29) as well as the September 2019 explosion and fire related to the *Stolt Groenland*. The *Stolt Groenland* was berthed at Yeompo Quay in the port of Ulsan, South Korea when the explosion occurred.

All of our insurance policies are subject to coverage limits, exclusions and deductible levels. While the Group believes that the estimated accrued claims reserves are adequate, the ultimate losses can differ.

Notes to the Financial Statements continued

19. PAYABLES

Accounting policy

Accounts payable are initially valued at their fair value and subsequently at amortised cost.

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received or is entitled to consideration. When consideration is paid by a customer before the Group transfers goods or services to satisfy the performance obligation, a contract liability is recognised. Contract liabilities are recognised as revenue when the Group satisfies the contractual performance obligations.

(in thousands)	As of November 30, 2019	2018
Trade payables	**$ 83,903**	$ 72,758
Withholding and value added tax	**5,528**	6,490
Insurance premiums payable	**4,181**	3,563
In-transit payments	**126**	180
Other	**420**	254
	$ 94,158	$ 83,245

Contract liabilities

	2019		2018	
	<1 year	**>1 year**	<1 year	>1 year
Balance, December 1	**$ 38,313**	**$ –**	$ 29,125	$ –
Revenue recognised (from opening balance)	**(38,313)**	**–**	(29,125)	–
Revenue recognised (current year)	**(975,509)**	**–**	(1,046,525)	–
Cash received in advance of performance obligation	**1,003,986**	**–**	1,084,838	–
Balance, November 30	**$ 28,477**	**$ –**	$ 38,313	$ –

Contract liabilities are typically recognised as revenue within 45 days of the completion of the performance obligation. Contract liabilities are included in Accrued voyage expenses.

20. FINANCIAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, to provide returns for Shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group's activities expose it to a variety of financial risks such as market risk (including currency risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by a Central Treasury department under policies approved by the Board of Directors. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and investment of excess liquidity.

Risk	Exposure arising from	Measurement	Management
Market risk – foreign exchange	Future commercial transactions Recognised financial assets and liabilities not denominated in US dollars	Cash flow forecasting Sensitivity analysis	Forward foreign exchange contracts and cross-currency interest rate swaps
Market risk – interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Cross-currency interest rate swaps, interest rate swaps
Market risk – commodity price	Changes in fuel prices	Cash flow forecasting Sensitivity analysis	Bunker swaps
Credit risk	Cash and cash equivalents, trade receivables, derivative financial instruments, available-for-sale debt instruments and held-to-maturity investments	Ageing analysis Credit ratings	Diversification of bank deposits, credit limits and letters of credit Investment guidelines for available-for-sale and held-to-maturity investments
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

Market risk

The Group is exposed to market risk, including changes in interest rates, currency exchange rates, price risk and bunker fuel costs. To manage the volatility relating to these exposures, the Group enters into derivative transactions in accordance with Group policies. The financial impact of these instruments is offset by corresponding changes in the underlying exposures being hedged. Derivative instruments are not held for trading or speculative purposes.

The Group analyses its interest rate exposure based on sensitivity analysis. Scenarios are simulated, taking into consideration refinancing, renewal of existing positions, alternative financing and hedging.

The Group calculates the impact on profit and loss of a defined interest rate shift. At November 30, 2019, if interest rates on the Group's short-term and long-term debt had been 10 basis points higher/lower with all other variables held constant, the calculated pre-tax profit for the year would have been $0.4 million lower/higher, mainly as a result of higher/lower interest expense on floating-rate debt for which the interest rate has not been hedged.

In addition, for bunker fuel risk, the majority of the contracts of affreightment ("COA") entered into by the Group's Tanker segment include provisions intended to pass through fluctuations in fuel prices to customers. The Group's policy is to hedge a minimum of 50% of expected bunker purchases within the next 12 months through either bunker surcharges included in COA or through hedging.

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures. Most of the revenue earned by Tankers and Tank Containers is in US dollars, while a significant portion of their operating expenses is incurred in other currencies, primarily the euro, the Norwegian krone, the Singapore dollar, the Japanese yen and the British pound. When there is a mismatch between revenue and expense currencies, any depreciation of the revenue currency relative to the expense currency will decrease profit margins. In addition, exposure occurs when a member of the Group holds accounts receivable or payable in a non-functional currency.

At November 30, 2019, prior to the effect of hedging, if the US dollar had weakened/strengthened by 5% against the major currencies mentioned above, with all other variables remaining constant, the recalculated pre-tax profit for the year would have been approximately $5.9 million higher/lower, mainly as a result of lower/higher operating and administrative and general expenses, net of higher/lower revenues, from non-US dollar transactions and foreign exchange losses on translation of non-US dollar-denominated account receivable and payable balances.

SNL's policy is to hedge approximately 50% to 80% of the Group's expected future foreign currency exposure and 100% of its future committed capital expenditures denominated in foreign currencies.

Concentration of credit risk

Trade receivables are from customers across all lines of the Group's business. The Group extends credit to its customers in the normal course of business. The maximum exposure to credit risk is the net customer accounts receivable balance of $192.4 million and cash balance of $136.2 million. The Group regularly reviews its accounts receivable by performing credit checks upon entering into an initial sales contract with a customer and by the respective business controllers regularly reviewing the days past due accounts receivable reports. The majority of trade receivables are in US dollars.

An analysis of the age of customer trade receivables that are past due is as follows:

	As of November 30, 2019	
(in thousands)	**Not Impaired**	**Impaired**
Up to 30 days past due	**$ 46,675**	**$ 357**
31 to 60 days past due	**11,837**	**450**
61 to 90 days past due	**7,999**	**461**
Greater than 91 days past due	**24,018**	**17,006**
	$ 90,529	**$ 18,274**

	As of November 30, 2018	
(in thousands)	Not Impaired	Impaired
Up to 30 days past due	$ 41,788	$ 1,250
31 to 60 days past due	11,532	765
61 to 90 days past due	9,718	783
Greater than 91 days past due	16,219	9,380
	$ 79,257	$ 12,178

Excluded from the above are $103.8 million and $147.3 million of customer trade receivables that were not past due as of November 30, 2019 and 2018, respectively.

No collateral is held on any accounts receivable.

The only material loss allowance held against financial assets relates to trade receivables and is calculated on a lifetime expected loss basis. There have been no changes in the estimation techniques applied in the calculation of the loss allowance during the period.

The allowance for impairment on customer trade receivables changed as follows:

	As of November 30,	
(in thousands)	**2019**	2018
Allowance for impairment on customer trade receivables, brought forward	**$ 22,536**	$ 16,045
Impairment (recovered) loss recognised	**(511)**	8,682
Accounts written off	**(1,812)**	(2,191)
Balance at the end of the year	**$ 20,213**	$ 22,536

The amount of the impairment allowance on receivables is based on the age of unpaid balances, information about the current and expected future financial condition of customers and the markets in which they inhabit, and other relevant information. Management does not believe significant risk exists in connection with concentrations of credit as of November 30, 2019. There have been no significant changes to the impairment allowance as a result of changes in the gross carrying amount of trade receivables.

There are no significant amounts written off which are still subject to enforcement activity.

The Group's cash is held by a diverse group of financial institutions, which is monitored on an annual basis by Treasury.

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Liquidity risk

Cash flow forecasting is performed by the operating entities of the Group and is aggregated at the corporate level. The Treasury department monitors rolling forecasts of the Group's liquidity requirements to ensure the Group has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities (see Note 22) at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and certain currencies' restrictions. The Group also reviews and monitors sensitivities.

21. FINANCIAL INSTRUMENTS

Accounting policy for financial instruments

IFRS 9 contains a classification and measurement approach for financial assets and liabilities, including derivative instruments that reflects the business model in which assets are managed and their cash flow characteristics.

Under IFRS 9 all financial instruments are initially measured at fair value plus or minus transaction costs, in the case of a financial asset or liability not at fair value through profit or loss. The classification of a financial asset is determined at initial recognition, however, if certain conditions are met, an asset may subsequently need to be reclassified.

IFRS 9 contains three principal classification categories for financial assets, based on the business models under which they are held:

- *Amortised cost: The Group classifies its financial assets at amortised cost only if both of the following criteria are met: the assets are held within a business model with the objective of collecting the contractual cash flows and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. Income from these financial assets is included in finance income using the effective interest rate method. The Group's assets measured at amortised cost include trade and other receivables, cash and cash equivalents and advances from joint ventures and associates.*
- *Fair value through other comprehensive income (FVTOCI): Assets that are held for collection of contractual cash flows and for future sales, where the assets' cash flows represent solely payments of principal and interest and dividends, are measured at fair value through other comprehensive income. See Note 17 for further details.*
- *Fair value through profit or loss (FVTPL): Assets that do not meet the criteria for amortised cost or FVTOCI are measured at fair value through profit or loss. See Note 17 for further details.*

Impairment

As required by IFRS 9, the Group adopted an "expected credit loss model" which requires the Group to account for expected credit losses and changes in those expected credit losses at each year end or half year end date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised. Credit losses are calculated as the present value of the difference between all contractual cash flows that are due and all cash flows that the entity expects to receive. Expected credit losses are the sum of all possible credit losses, weighted by their probability of occurrence.

The "12-month expected credit losses" approach is applied to all financial assets with the exception of trade receivables and advances to joint ventures. Both these asset classes generally do not contain a significant financing component. For these assets, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, net of any allowance losses. The allowance loss measurement is determined by applying a simplified approach equalling the lifetime expected credit losses.

Under the simplified approach, the tracking of changes in credit risk is not required but instead the base lifetime expected credit loss at all times is applied. An allowance for loss is made for potentially impaired receivables during the year in which they are identified based on a periodic review of all outstanding amounts. Losses are recorded within selling, marketing and distribution expenses in the income statement. Trade receivables are deemed as impaired when there is an indication of significant financial difficulties of the debtor (delinquency in or default on payments occurs, probability of bankruptcy or need for financial reorganisation).

Fair value estimation

The information below summarises financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- *New business quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).*
- *Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).*
- *Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).*

The Group's investment in Golar is measured using quoted prices in an active market (Level 1) as had been its investment in AGHL, prior to sale. The Group's derivative assets and liabilities are measured using inputs other than quoted prices (Level 2). The Group's mature biological assets are measured using inputs other than quoted prices (Level 2). There have been no changes in the fair value methodology in the periods presented.

Hedge accounting

In accordance with IFRS 9's transition provisions for hedge accounting, the Group has not applied the IFRS 9 hedge accounting requirements and will continue to apply the hedge accounting requirements of IAS 39.

Accounting policy for derivative assets and liabilities

The Group enters into forward exchange contracts to hedge foreign currency transactions, interest rate swaps to hedge the risk of variability of interest payments, cross-currency interest rate swaps to hedge the risk of variability of interest and principal payments on non-US dollar denominated borrowings and bunker fuel hedge contracts to lock in the price for a portion of forecasted bunker fuel requirements. No instruments are held for speculative purposes.

For bonds and loan facilities where it is determined that there is an interest rate or foreign currency risk that should be hedged, the derivative financial instrument acquired will have critical terms that mirror those of the underlying debt. In these circumstances, it is the Group's objective to achieve 100% effectiveness.

Derivative financial instruments are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss on remeasurement is recognised immediately in the income statement unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition of any resultant gain or loss on the income statement depends on the nature of the item being hedged. The impact in the income statement is shown in interest, foreign currency exchange gain (loss) or operating expenses as appropriate, based on the underlying of the derivative.

(i) Determination of fair value

The fair value of interest rate swaps, cross-currency interest rate swaps and foreign exchange contracts is based on discounted cash flow models based upon the valuations received from financial institutions, taking into account current interest rates and foreign exchange rates.

(ii) Cash flow hedges

The Group applies cash flow hedge accounting to its interest rate swaps, cross-currency interest rate swaps and foreign exchange forward contracts.

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in other comprehensive income. Any ineffective portion of the hedge is recognised immediately in the income statement.

When the forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated cumulative gain or loss recognised in other comprehensive income is removed and included in the initial cost or other carrying amount of the asset or liability.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains and losses that were recognised directly in equity are reclassified into the income statement in the same period or periods during which the asset acquired or liability assumed affects profit or loss, i.e. when finance income or expense is recognised.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in other comprehensive income is recognised in the income statement immediately.

(iii) Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to the host contract. Contracts are assessed for embedded derivatives at inception of such contracts or when the Group becomes party to them. Embedded derivatives that have been separated from host contracts are measured at fair value at each balance sheet date. Any gains or losses arising from changes in fair value are directly taken to the income statement.

Notes to the Financial Statements continued

The Group holds the following financial instruments:

	November 30, 2019				November 30, 2018			
(in thousands)	**Current**	**Non-current**	**Total carrying value**	**Fair Value**	Current	Non-current	Total carrying value	Fair Value
Financial assets								
Financial assets at FVTOCI								
Investments in equity instruments – listed	**$ –**	**$ 30,334**	**$ 30,334**	**$ 30,334**	$ –	$ 74,205	$ 74,205	$ 74,205
Financial assets at amortised cost								
Cash and cash equivalents	**136,151**	**–**	**136,151**	**136,151**	64,529	–	64,529	64,529
Restricted cash	**189**	**–**	**189**	**189**	167	–	167	167
Trade receivables	**217,909**	**–**	**217,909**	**217,909**	243,910	–	243,910	243,910
Loans and advances to joint ventures	**–**	**40,824**	**40,824**	**40,824**	–	42,897	42,897	42,897
Other current assets	**30,568**	**–**	**30,568**	**30,568**	32,480	–	32,480	32,480
	$ 384,817	**$ 71,158**	**$ 455,975**	**$ 455,975**	$ 341,086	$ 117,102	$ 458,188	$ 458,188
Financial liabilities at amortised cost								
Accounts payables, excluding withholding and value added taxes	**$ 88,630**	**$ –**	**$ 88,630**	**$ 88,630**	$ 76,755	$ –	$ 76,755	$ 76,755
Accrued expenses and accrued voyage expenses	**206,817**	**–**	**206,817**	**206,817**	243,455	–	243,455	243,455
Dividend payable	**13,457**	**–**	**13,457**	**13,457**	13,549	–	13,549	13,549
Long-term debt and finance leases including current maturities excluding debt issuance costs	**292,594**	**2,084,894**	**2,377,488**	**2,555,803**	477,157	1,942,095	2,419,252	2,496,180
	$ 601,498	**$ 2,084,894**	**$ 2,686,392**	**$ 2,864,707**	$ 810,916	$ 1,942,095	$ 2,753,011	$ 2,829,939

	November 30, 2019				November 30, 2018			
(in thousands)	**Current**	**Non-current**	**Total carrying value**	**Fair Value**	Current	Non-current	Total carrying value	Fair Value
Derivative Financial Instruments at fair value								
Assets								
Bunker purchase swap contracts	**$ –**	**$ –**	**$ –**	**$ –**	$ 4,081	$ –	$ 4,081	$ 4,081
Bunker call options	**–**	**–**	**–**	**–**	44	–	44	44
Foreign currency exchange contracts – cash flow hedges	**143**	**–**	**143**	**143**	91	–	91	91
Interest rate swaps	**–**	**–**	**–**	**–**	383	4,858	5,241	5,241
Cross-currency interest rate swaps – cash flow hedges	**–**	**–**	**–**	**–**	–	–	–	–
	$ 143	**$ –**	**$ 143**	**$ 143**	$ 4,599	$ 4,858	$ 9,457	$ 9,457
Liabilities								
Bunker swaps	**$ 565**	**$ –**	**$ 565**	**$ 565**	$ –	$ –	$ –	$ –
Cross-currency interest rate swaps – cash flow hedges	**31,334**	**75,598**	**106,932**	**106,932**	39,211	72,756	111,967	111,967
Foreign currency exchange contracts	**739**	**–**	**739**	**739**	1,344	–	1,344	1,344
Interest rate swaps	**2,495**	**12,382**	**14,877**	**14,877**	363	9	372	372
	$ 35,133	**$ 87,980**	**$ 123,113**	**$ 123,113**	$ 40,918	$ 72,765	$ 113,683	$ 113,683

Fair value of financial instruments

The estimated fair value amounts of financial instruments have been determined by the Group, using appropriate market information and valuation methodologies. Considerable judgement is required to develop these estimates of fair value, so the estimates provided here are not necessarily indicative of the amounts that could be realised in a current market exchange.

The carrying amount of cash and cash equivalents, receivables, other current assets, account payable (excluding withholding and value added tax payables), accrued expenses and dividend payable are a reasonable estimate of their fair value, owing to their short maturity. Long-term debt in the table above excludes debt issuance costs of $32.0 million and $27.0 million, as of November 30, 2019 and 2018, respectively. The estimated value of its senior unsecured bond issues is based on traded values, while the value on the remaining long-term debt is based on interest rates as of November 30, 2019 and 2018, respectively, using the discounted cash flow methodology. The fair values of the Group's foreign exchange and bunker contracts are based on their estimated market values as of November 30, 2019 and 2018, respectively. Market value of interest rate and cross-currency interest rate swaps was estimated based on the amount the Group would receive or pay to terminate its agreements as of November 30, 2019 and 2018.

The estimated value of the Group's financial assets and marketable securities are based on traded value. The estimated value of its senior unsecured bond issues is based on traded values (Level 1 valuation method), while the values on the remaining long-term debt is based on interest rates as of November 30, 2019 and 2018, respectively, using the discounted cash flow methodology (Level 2 valuation method). The fair values of the Group's foreign exchange and bunker contracts are based on their estimated market values as of November 30, 2019 and 2018. Market value of interest rate and cross-currency interest rate swaps was estimated based on the amount the Group would receive or pay to terminate its agreements as of November 30, 2019 and 2018.

The Group's financial instruments resulted in the following income recognised in the income statement:

	For the years ended November 30,	
(in thousands)	**2019**	2018
Dividends from equity investments held at FVTOCI	**$ 1,049**	$ 524

Derivatives

The Group has derivative assets of $0.1 million and $9.5 million as of November 30, 2019 and 2018, respectively and derivative liabilities of $123.1 million and $113.7 million as of November 30, 2019 and 2018, respectively. All the Group's derivative activities are financial instruments entered with major financial institutions and brokers for hedging the Group's committed exposures or firm commitments with major financial credit institutions, shipbuilders and ship-repair yards. The fair values of the Group's foreign exchange contracts and cross currency interest rate swaps are based on their estimated market values as of November 30, 2019 and 2018, respectively. Derivative financial instruments are measured using inputs other than quoted values. There were no changes in the valuation techniques since November 30, 2018. Net derivative liabilities for cross-currency interest rate swaps are lower by $5.0 million primarily owing to the maturity of the NOK bond in September 2019. This bond was fully hedged using cross-currency interest rate swaps.

The bunker contracts were marked-to-market through the Income Statement and a realised and unrealised gain of $1.4 million was recorded for the year ended November 30, 2019.

All of the Group's derivative activities are not publicly traded financial instruments. These financial instruments are entered into with major financial institutions and brokers. The Group holds foreign exchange forward contracts, commodity contracts and interest rate swaps, which subject the Group to a minimum level of counterparty risk. The Group does not believe that it has a material exposure to credit risk from third parties failing to perform according to the terms of hedge instruments. The cumulative net gains/losses recognised in equity were as follows at November 30, 2019 and 2018.

Notes to the Financial Statements continued

(in thousands)	As of November 30, 2019	2018
Interest rate derivatives	**$ (14,394)**	$ 5,486
Cross-currency interest rate swaps	**(5,860)**	(215)
Foreign currency derivatives	**(600)**	(1,235)
Foreign exchange and interest rate hedges held by joint ventures	**(4,297)**	2,606
Deferred income tax gain on the interest rate derivatives	**683**	(46)
	$ (24,468)	$ 6,596

Foreign currency

The following foreign exchange contracts, maturing through August 2020, were outstanding as of November 30, 2019 and 2018:

(in local currency, thousands)	Purchase 2019	2018
Norwegian krone	**78,000**	67,000
Euro	**22,588**	33,000
Singapore dollar	**13,866**	15,500
British pound	**2,600**	5,200
Japanese yen	**–**	340,000
UAE dirham	**–**	4,300

The US dollar equivalent of the currencies which the Group had contracted to purchase was $47.6 million and $69.0 million as of November 30, 2019 and 2018, respectively.

The Group utilises foreign currency derivatives to hedge committed and forecasted cash flow exposures. Most of these contracts have been designated as cash flow hedges.

The Group has elected non-hedge accounting treatment for some contracts, with immaterial notional amounts. Gains and losses on hedges of committed commercial transactions are recorded as a foreign exchange gain or loss.

For the years ended November 30, 2019 and 2018, a $2.4 million and $1.0 million net unrealised losses, respectively, were reclassified from the hedging reserve into earnings. In 2019, there is a $0.6 million net unrealised loss included in the hedging reserve that is expected to be reclassified into earnings within six months.

Interest rate and cross-currency interest rate swaps

The Group entered into interest rate and cross-currency interest rate swaps with notional values of $785.1 million and $969.9 million as of November 30, 2019 and 2018, respectively. These derivatives have been designated as cash flow hedges. For the years ended November 30, 2019 and 2018, $10.1 million and $15.0 million, respectively, were recognised in finance expense. Any remaining amounts currently in other comprehensive income are expected to be reclassified to earnings in between 2020 to 2028.

Maturity of financial liabilities

For the year ended November 30, 2019 (in thousands)	**Less than 1 yr**	**2-3 yrs**	**4-5 yrs**	**More than 5 yrs**	**Total**
Contractual obligations:					
Accounts payable, excluding withholding and value added taxes	**$ 88,630**	**$ –**	**$ –**	**$ –**	**$ 88,630**
Accrued expenses and dividend payable	**220,274**	**–**	**–**	**–**	**220,274**
Long-term debt including current maturities	**292,594**	**767,433**	**347,397**	**970,064**	**2,377,488**
Interest on long-term debt	**110,871**	**186,871**	**111,791**	**77,625**	**487,158**
Derivative financial liabilities	**31,997**	**79,884**	**3,063**	**2,182**	**117,126**
Total contractual obligations	**$ 744,366**	**$ 1,034,188**	**$ 462,251**	**$ 1,049,871**	**$ 3,290,676**

For the year ended November 30, 2018 (in thousands)	Less than 1 yr	2-3 yrs	4-5 yrs	More than 5 yrs	Total
Contractual obligations:					
Accounts payable, excluding withholding and value added taxes	$ 76,755	$ –	$ –	$ –	$ 76,755
Accrued expenses and dividend payable	257,004	–	–	–	257,004
Long-term debt and finance leases including current maturities	477,157	543,351	798,421	600,323	2,419,252
Interest on long-term debt and finance leases	108,081	135,232	90,163	53,497	386,973
Derivative financial liabilities	45,828	217,198	–	–	263,026
Total contractual obligations	$ 964,825	$ 895,781	$ 888,584	$ 653,820	$ 3,403,010

Long-term debt in the table above excludes debt issuance costs of $32.0 million and $27.0 million as of November 30, 2019 and 2018, respectively. Derivative financial liabilities are stated at future undiscounted cash flows; therefore, they do not agree to the balance sheet.

22. SHORT-TERM BANK LOANS

Accounting policy

Interest-bearing borrowings are recognised initially at fair value less directly attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

There were no outstanding short-term bank loans at November 30, 2019 and November 30, 2018. The short-term bank loans consisted of debt obligations to banks under uncommitted lines of credit and bank overdraft facilities.

Where the Group has the discretion to rollover its obligations for a period of more than 12 months and there is no expectation of settlement within 12 months, the debt is presented as long-term. As of November 30, 2019, the Group had available undrawn committed credit lines of $343.0 million from its Secured Reducing Multi-Currency Revolving Loan Facility Agreement (“Secured RCF”) and Collateralised Revolving Credit Facility (“Collateralised RCF”).

The Group’s Secured RCF was completed in 2016 and is secured by certain of the Group’s fleet of chemical tankers. The agreement is with 11 banks, and the syndication was led by the three bookrunners: Nordea Bank, DNB Bank ASA and Danske Bank. As of November 30, 2019 and 2018, nil and $340.0 million, respectively, was outstanding. Based on available collateral, this line had a maximum amount that could be drawn of $303.0 million for future use. As there was no expectation of settlement within 12 months, the Secured RCF was presented as long-term at November 30, 2018. The weighted average interest rate was 5.0% and 4.9% for November 30, 2019 and 2018, respectively. See Note 23 for further details.

The Group had $40.0 million available on its Collateralised RCF at November 30, 2019. It had nil and $34.0 million outstanding at November 30, 2019 and 2018, respectively. Any amounts outstanding are presented as current portion of long-term debt. The Collateralised RCF bore interest at rates ranging from 3.6% to 4.3% in 2019 (2018: 3.2% to 4.1%). The weighted average interest rate for these borrowings was 4.1% for November 30, 2019 (2018: 3.6%). See Note 23 for further details.

The Group also has $45.0 million on uncommitted lines of credit facilities which are payable on demand and can be withdrawn by the banks at short notice. They bear an average interest rate of 4.1% and 3.5% for years ended November 30, 2019 and 2018, respectively.

Commitment fees for unused lines of credit were $4.0 million and $3.2 million for the years ended November 30, 2019 and 2018, respectively. See Note 23 for further details.

Several of the short-term and long-term credit facilities contain various financial covenants applicable either quarterly or annually, which, if not complied with, could result in the acceleration of repayment of amounts due and could limit the ability of the Group to draw funds from time to time. At November 30, 2019 and 2018, the Group was in compliance with the financial covenants under its debt agreements.

Agreements executed in connection with certain debt obligations, both short-term and long-term, require that the Group maintains defined financial covenants, including, but not limited to, minimum consolidated tangible net worth of $600.0 million, maximum ratio of consolidated debt to consolidated tangible net worth of not greater than two-to-one and minimum ratio of consolidated EBITDA to consolidated interest expense of not less than two-to-one. Most of the debt agreements provide for a cross default in the event of a default in another agreement. In the event of a default that extends beyond the applicable remedy or cure period, lenders may accelerate repayment of amounts due to them.

23. LONG-TERM DEBT

Accounting policy

Interest-bearing borrowings are recognised initially at fair value less directly attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

Long-term debt as of November 30, 2019 and 2018, consisted of the following:

(in thousands)	2019	2018
Preferred ship fixed rate mortgages:		
Fixed interest rates ranging from 2.7% to 5.8%, maturities vary through 2027	**$ 642,808**	$ 479,040
Preferred ship variable rate mortgages:		
Interest rates of 5.3%, maturities vary through 2029	**403,917**	191,664
Senior secured credit facilities	**815,186**	659,714
Senior unsecured bond issues	**466,154**	602,393
Secured RCF (Note 22)	**–**	334,872
Collateralised RCF (Note 22)	**–**	34,000
Bank loans:		
Interest rates ranging from 1.75% to 7.7%, maturities vary through 2026	**17,461**	90,548
	2,345,526	2,392,231
Less – current maturities	**(287,006)**	(472,798)
	$ 2,058,520	$ 1,919,433

The classification of debt and the interest rates shown in the above table are after considering existing interest rate hedges.

Notes to the Financial Statements continued

Analysis of net debt

Net debt at November 30, 2019, comprises cash and cash equivalents of $136.2 million (2018: $64.5 million) and long-term debt and finance leases, including current maturities, of $2,345.5 million (2018: $2,392.2 million).

(in thousands)	At December 1, 2018	Cash Flow	Exchange Differences	Other Movements	At November 30, 2019
Cash deposits	$ 61,183	$ 54,709	$ (5,685)	$ –	**110,207**
Short-term time deposits	3,346	22,598	–	–	**25,944**
Cash and cash equivalents	64,529	77,307	(5,685)	–	**136,151**
Borrowings:					
Long-term debt, including current maturities	(2,392,231)	47,245	5,482	(6,022)	**(2,345,526)**
Net debt	**$ (2,327,702)**	**$ 124,552**	**$ (203)**	**$ (6,022)**	**(2,209,375)**

Short-term time deposits included within cash and cash equivalents relate to term deposits repayable within three months.

Other non-cash movements in net debt primarily represent $8.2 million amortisation of debt issuance costs offset by the capitalisation of debt issuance costs and interest to debt of $12.5 million.

Long-term debt

The majority of long-term debt is denominated or swapped into US dollars, with $471.6 million and $268.5 million denominated in other currencies as of November 30, 2019 and 2018, respectively.

Long-term debt consists of debt collateralised by mortgages on ships, tank containers and terminals and investments, as well as $466.2 million unsecured bond financing at November 30, 2019.

(i) Preferred fixed and variable rate ship mortgages

In August 2019, the Group closed a $415.6 million floating-rate facility with CMB Financial Leasing Co., LTD ("CMBFL Facility"), involving twenty ships. There are equal quarterly payments for each ship for an average tenor of seven years and floating interest rates, ranging from 4.70% to 4.92%. At the end of the agreement, the Group has an option to purchase the ships by paying fixed amounts. As the option to repurchase was virtually certain to be exercised by the Group at the date of the borrowing, the transaction has been treated as collateralised debt. The loan was used to pay down existing debt and for general corporate purposes.

During February and March 2019, the Group received $241.6 million under a fixed-rate borrowing agreement, involving eight ships. The agreement is with Development Bank of Japan, ING Bank N.V., National Australia Bank, Société Générale and a group of private investors at fixed interest rates ranging from 4.16% to 4.27%. There are equal quarterly payments for each ship for an average tenor of eight years. At the end of the agreement, the Group has an option to purchase the ships by paying fixed amounts. As the option to repurchase was virtually certain to be exercised by the Group at the date of the borrowing, the transaction has been treated as collateralised debt. This debt refinanced the acquisition debt relating to the Jo Tankers acquisition in 2016.

With the deliveries of the five newbuildings, in late 2016 through 2017, the Group drew down $57.2 million in 2016, $219.6 million in 2017 and $7.6 million in 2018 under the $291.8 million term loan with Export and Import Bank of China and Standard Chartered Bank, signed August 15, 2013. The loans are secured by the newbuildings and will be repaid over their 10-year life. Interest has been fixed at an average rate of 4.94%.

On February 15, 2008, the Group entered into a NOK 825.6 million facility agreement with Eksportfinans and DNB Bank ASA and drew down the 12-year secured term loan in 2008 for $146.3 million. Upon drawdown, the loan was converted into a fixed US dollar liability. The loan was secured by a mortgage on the first two ships delivered from STX Yards in Norway. This facility was repaid on August 7, 2019.

(ii) Senior secured credit facilities

In July 2019, Stolthaven New Orleans LLC issued $200.0 million Senior Secured Notes with a group of private investors. The private placement has a ten-year term at a fixed interest rate of 5.15% and is secured by the terminal in Braithwaite, Louisiana. Proceeds from the Notes were used for general corporate purposes.

On May 24, 2017, the previous Stolthaven Singapore terminal loan facility of $126.9 million was refinanced with a seven-year SGD 280.0 million ($202.4 million) term loan facility. The agreement is with a bank club deal consisting of United Overseas Bank Limited, DBS Bank Ltd, Oversea-Chinese Banking Corporation Limited, and Australia and New Zealand Banking Group Limited and has a fixed interest rate of 4.16%.

On May 20, 2016, the Group entered into a $131.3 million fixed-rate borrowing agreement using a group of tank containers as collateral. The agreement is with ING Bank N.V., Development Bank of Japan and a group of private investors for six and a half years at a fixed interest rate of 3.4%. There are 26 equal payments of $3.6 million each and at the end of the agreement, the Group has an option to purchase the tank containers by paying a fixed amount of $59.1 million. As the option to repurchase was virtually certain to be exercised by the Group at the date of the borrowing, the transaction has been treated as collateralised debt.

On November 20, 2015, the Group entered into a $166.4 million fixed-rate borrowing agreement using a group of tank containers as collateral. The agreement is with ING Bank N.V. and a group of private investors for six and a half years at a fixed interest rate of 3.3%. There are 26 equal payments of $4.6 million each and at the end of the agreement, the Group has an option to purchase the tank containers by paying a fixed amount of $74.9 million. As the option to repurchase was virtually certain to be exercised by the Group at the date of the borrowing, the transaction has been treated as collateralised debt.

On February 19, 2015, the Group announced that it had closed a $250.0 million private placement with American International Group. The private placement has a term of 10 years and is secured by the Group's terminal in Houston. The loan was used to pay down existing debt and for general corporate purposes.

(iii) Senior unsecured bond issue

The Group announced on September 8, 2017, the placement of senior unsecured bonds for $175.0 million in a new five-year bond issue carrying a fixed coupon rate of 6.375%. Net proceeds from the bond issue was used to repay a bond maturing in March 2018 and for general corporate purposes.

On June 8, 2016, the Group completed the increase of NOK 200.0 million ($24.7 million) on its bond issuance maturing in 2018, NOK 500.0 million ($61.8 million) on its bond issuance maturing in 2019, NOK 150.0 million ($18.5 million) on its bond issuance maturing in 2020 and NOK 200.0 million ($24.7 million) on its bond issuance maturing in 2021. The Group swapped the bond proceeds into US dollar obligations at fixed interest rates of 4.47% for 2018, 5.49% for 2019, 5.78% for 2020 and 5.99% for 2021 bond issuances.

The Group announced on March 26, 2015 the placement of senior unsecured bonds for NOK 1,100.0 million (approximately $142.2 million) in a new five-year bond issue carrying an interest rate of three-month NIBOR plus 4.1%, which was fixed at 6.22% through interest rate swaps. The settlement date for the bonds was April 8, 2015. Net proceeds from the bond issue were used for general corporate purposes.

On March 3, 2014, the Company finalised a placement of senior unsecured bonds in a total amount of NOK 1,250.0 million (approximately $207.0 million) in a new seven-year bond issue. The settlement date for the new bonds was March 18, 2014. The Company has swapped the new bonds into US dollar obligations at a fixed interest rate of 5.89%.

On September 4, 2012, the Group received NOK 500.0 million ($85.9 million) on a new seven-year senior unsecured bond issue and an increase of NOK 200.0 million ($34.3 million) in the bond issue maturing in 2018. The placement date for the bonds was August 23, 2012. The Group swapped the new bonds into US dollar obligations for a total of $120.2 million at a fixed interest rate of 6.84% for the seven-year bonds and 6.28% for the five and one-half year bonds. The bond was fully repaid at maturity.

(iv) Collateralised RCF

On November 16, 2016, also in relation to the acquisition of JoT, the Group completed a one-year $50.0 million Collateralised Revolving Credit Facility secured by some of the Group's Treasury shares and the Group's holding of Golar shares. During 2017, the facility was extended for another 12 months and the limit on it increased to $60.0 million. The facility is a bilateral loan with Skandinaviska Enskilda Banken AB, has to be repaid in full at maturity, and requires sufficient collateral value in the shares at all times. Interest is variable at LIBOR plus 1.8%. During 2019, the facility was reduced to $40.0 million and extended for another 12 months.

(v) Bank loans

In 2015, the Group renegotiated its EUR 9.0 million facility in SSF by entering into a four-year loan with Banco Bilbao Vizcaya Argentaria ("BBVA") for $7.3 million (EUR 6.0 million) which was repaid on January 21, 2019 and Banco Santander for $6.1 million (EUR 5.0 million) which was repaid on February 1, 2018. During 2018, two new facilities were agreed with CAIXA of EUR 7.0 million, which was fully drawn on July 3, 2018, and with BBVA of EUR 7.0 million which was drawn during 2018 and 2019.

On February 4, 2014, the Group executed a new loan facility of approximately AUD 170.0 million for the Australasia terminals with ANZ Bank, New Zealand. The Group drew down AUD 10.0 million and AUD 12.8 million in 2018 and 2017, respectively, on the facility to fund the ongoing capacity expansion at Newcastle, Australia. The facility has a maturity date of February 14, 2019. However, on February 28, 2019, the Group has received a credit-approved extension until March 31, 2020. The facility was fully repaid on November 1, 2019.

(vi) Debt issuance costs

Debt issuance costs of $32.0 million and $27.0 million have been netted against long-term debt at November 30, 2019 and 2018, respectively. Debt issuance costs recognised in the income statement as part of effective interest rates were $8.3 million and $7.4 million for the years ended November 30, 2019 and 2018, respectively.

24. OPERATING LEASES

Accounting policy

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received and receivable are recognised in the income statement on a straight-line basis over the lease term as an integral part of the total lease expense.

As of November 30, 2019, the Group was obligated to make payments under long-term operating lease agreements for tankers, terminal facilities, tank containers, barges, rail cars, land, equipment and offices. Certain leases contain clauses requiring payments in excess of the base amounts to cover operating expenses related to the leased assets.

Minimum future lease commitments, under agreements which expire at various dates through 2044, are as follows:

(in thousands)	**2019**	2018
Less than:		
1 year	**$ 79,636**	$ 79,573
2 years	**64,570**	63,486
3 years	**47,316**	43,465
4 years	**35,518**	31,265
5 years	**14,348**	21,187
Thereafter	**59,772**	75,500
	$ 301,160	$ 314,476

Notes to the Financial Statements continued

Rental and charter hire expenses under operating lease agreements for the years ended November 30, 2019 and 2018, were $109.7 million and $109.6 million, respectively, net of sub-lease income of $1.3 million and $3.0 million, respectively. Of the total lease expense, no material amounts were from sub-leases. In addition to the above operating leases, through the Joint Service, certain ships are time chartered under operating leases from participants in the Joint Service. For the two years ended November 30, 2019, charter hire expenses related to these leases were $94.3 million and $94.0 million, respectively.

There were no non-cancellable sub-leases at November 30, 2019 and 2018.

25. PENSION AND OTHER POST-RETIREMENT BENEFIT PLANS

Accounting policy

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred. The Group has no further payment obligations once the contributions have been paid.

(ii) Defined benefit plans and other post-employment benefits

The Group's net obligation in respect of defined benefit pension plans and other post-employment benefits is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) is deducted.

The liability discount rate for each plan is based on the yield curve of a portfolio of high-quality corporate bonds that have maturity dates which are approximately the same as the terms of the respective plan's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

The current service cost of the defined benefit plan, recognised in the income statement in employee benefit expense, reflects the increase in the defined benefit obligation resulting from employees' service in the current year, benefit changes, curtailments and settlements.

When the benefits of a plan are increased, the increased benefit relating to past service by employees is recognised as an expense in the income statement immediately.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the income statement.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in Other comprehensive income in the period in which they arise.

Where the calculation results in a benefit to the Group, the asset recognised is limited to the present value of any future refunds from the plan or reductions in future contributions to the plan.

Gains and losses on the curtailment or settlement of a defined benefit plan are recognised at the time the curtailment or settlement occurs. A curtailment occurs when the Group adopts a significant reduction in the number of employees covered by a plan or changes the terms of a defined benefit plan such that a significant part of future earnings to current employees will no longer qualify for benefits or will qualify only for reduced benefits.

(iii) Short-term and long-term cash-based benefits

Short-term employee benefit obligations are measured on an undiscounted basis while long-term cash-based employee benefit obligations are discounted based on expected payment date. They are expensed in the period in which the related service is provided. An accrual is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employees and the obligation can be estimated reliably.

At November 30, 2019, the Group operated a number of pension plans for the benefit of its employees throughout the world, with varying rights and obligations depending on the conditions and practices in the specific countries. The Group's pension plans are provided through both defined benefit and defined contribution arrangements. These plans are regulated by the respective regulators in each of the countries where they are set up.

The Group operates defined benefit plans in the United States, the United Kingdom, Bermuda, the Netherlands, Norway, the Philippines and Japan. One of the defined benefit plans covers certain ship officers and other seafarers while the others are for shore-based employees. Defined contribution pension plans are currently provided in all of the above countries and Spain. The Group also operates an unfunded post-retirement medical plan in the United States.

Defined benefit plans provide benefits based on the employees' length of pensionable service and their final pensionable salary or other criteria. Defined contribution plans offer employees individual funds that are converted into benefits at the time of retirement.

Defined benefit plans

The Group's significant defined benefit pension plans are in the United States, Bermuda, the Netherlands and the United Kingdom.

The Pension Committees participate in the governance of each of the significant defined benefit pension plans. These Pension Committees comprise representatives who are employees and former employees. In addition, actuarial advisers and investment management advisers also participate in the Pension Committee meetings. The Pension Committees for plans act in the best interest of the plan participants and are responsible for setting certain policies, such as strategic asset allocation, investment and contribution policies in consultation with the Group.

The defined benefit plans expose the Group to actuarial risks such as longer than expected longevity of members, lower than expected return on investments and higher than expected inflation, which may increase the liabilities or reduce the value of assets of the plans.

Recognising these risks, the Group has adopted an approach of moving away from providing defined benefit plans. All defined benefit plans have also been closed to future accrual and new entrants.

The Group follows a coordinated strategy for the funding and investment of its defined benefit pension plans subject to meeting all local laws and regulations applicable to those plans. The assets of the plan are generally held separately from those of the Group and are administered by local management in the respective countries. The Group has no legal obligation to settle these liabilities with any immediate contributions or additional one-off contributions. The Group intends to continue to contribute to each defined benefit pension and post-retirement medical plan in accordance with the latest recommendations of each plan actuary and its pension funding policy.

In terms of investments, the Group's aim is for the value of defined benefit plan assets to be maintained at close to the value of the corresponding benefit obligations, allowing for some short-term volatility.

Plan assets are invested in a diversified range of asset classes, predominantly comprising bonds and equities. In some locations such as the United Kingdom, plan trustees and other bodies have legal and fiduciary responsibility for the investment of plan assets, and decisions on investment strategy are taken in consultation with the Group.

The Group monitors its exposure to changes in equity markets, interest rates and inflation, and measures its balance sheet pension risk using a risk-based approach. Strategic Asset Allocation Studies and asset-liability studies are carried out periodically for the significant pension plans. On a quarterly basis, the performance of all investments across the significant defined benefit plans is reviewed with the Group's investment management advisers.

Pension plans overview

	As of November 30,	
(in thousands)	**2019**	2018
Present value of funded obligations	**$ (246,728)**	$ (214,407)
Fair value of plans assets	**212,914**	194,076
	$ (33,814)	$ (20,331)

The amounts recognised at November 30, consisted of the following:

	As of November 30,	
(in thousands)	**2019**	2018
Non-current assets	**$ 9,694**	$ 6,812
Non-current liabilities	**(43,508)**	(27,143)
Net accrued cost	**$ (33,814)**	$ (20,331)

US post-retirement healthcare plan

US-based employees retiring from the Group after attaining the age of 55 with at least 10 years of service with the Group were eligible to receive post-retirement healthcare coverage for themselves and their eligible dependents. This plan is unfunded.

Components of defined benefit cost

The net periodic benefit cost for the Group's defined benefit pension plans (including a retirement arrangement for one of the Group's ex-directors) and US post-retirement healthcare plan shown above for the years ended November 30, 2019 and 2018, consisted of the following:

	For the years ended November 30,	
(in thousands)	**2019**	2018
Service cost	**$ 438**	$ 678
Interest cost	**990**	1,294
Past service cost	**–**	(84)
Settlement cost	**63**	55
Cost of plan administration	**466**	495
Net periodic benefit cost	**$ 1,957**	$ 2,438

Impact on equity

Remeasurements that are recognised in Other comprehensive income are as follows:

	For the years ended November 30,	
(in thousands)	**2019**	2018
Effect of changes in demographic assumptions	**$ 1,127**	$ 1,215
Effect of changes in financial assumptions	**(34,704)**	19,745
Effect of experience assumptions	**(587)**	3,072
Return on plan assets (excluding interest income)	**21,006**	(9,778)
Remeasurements recognised in other comprehensive income	**$ (13,158)**	$ 14,254

Notes to the Financial Statements continued

Change in benefit obligation

The following tables set out the change in benefit obligations for the Group's defined benefit pension plans and US other post-retirement plan and the change in plan assets for the defined benefit pension plans. There are no plan assets associated with the US other post-retirement plan.

	For the years ended November 30,	
(in thousands)	**2019**	2018
Benefit obligations at beginning of year	**$ 214,407**	$ 241,518
Current service cost	**438**	678
Past service cost	**–**	(84)
Settlement cost	**63**	55
Interest cost	**8,802**	8,291
Benefits paid	**(11,070)**	(9,582)
Plan participant contributions	**–**	13
Foreign exchange rate changes	**455**	(1,732)
Settlement payments	**(531)**	(718)
Remeasurements:		
Effect of changes in demographic assumptions	**(1,127)**	(1,215)
Effect of changes in financial assumptions	**34,704**	(19,745)
Effect of experience adjustments	**587**	(3,072)
Benefits obligation at end of year	**$ 246,728**	$ 214,407

Change in plan assets

	For the years ended November 30,	
(in thousands)	**2019**	2018
Fair value of plan assets at beginning of year	**$ 194,076**	$ 207,378
Return on plan assets (excluding interest income)	**21,006**	(9,778)
Interest income	**7,812**	6,997
Company contributions	**1,695**	1,824
Plan participant contributions	**–**	13
Foreign exchange rate changes	**392**	(1,563)
Settlement payments	**(531)**	(718)
Benefits paid	**(11,070)**	(9,582)
Expenses paid	**(466)**	(495)
Fair value of plan assets at end of year	**$ 212,914**	$ 194,076

Change in asset ceiling

There were no defined benefit plans whose recognition of assets were limited.

Participant profile

The defined benefit obligation by participant status is as follows:

	As of November 30,	
(in thousands)	**2019**	2018
Actives	**$ 50,038**	$ 55,528
Vested deferreds	**61,598**	43,443
Retirees	**135,092**	115,436
	$ 246,728	$ 214,407

The number of participants are as follows:

	As of November 30, 2019
Actives	**971**
Vested deferreds	**661**
Retirees	**683**
	2,315

Key actuarial assumptions

The following are the assumptions used in the measurement of the projected benefit obligation for the Group's defined benefit pension plans and the accumulated projected benefit obligation for US other post-retirement benefits:

	As of November 30,	
	2019	2018
Weighted-average assumptions to determine projected benefit obligations:		
Discount rate	**2.94%**	4.23%
Rate of compensation increase	**3.91%**	3.85%
Rate of pension increases	**2.69%**	3.12%
Rate of price inflation	**2.63%**	2.34%
Life expectancy for an individual currently at 65:		
Male	**22.0 yrs**	21.1 yrs
Female	**23.5 yrs**	23.1 yrs

The net period pension expense and retiree medical expense is based on the prior year's weighted average assumptions for the projected benefit obligation.

Healthcare cost trends assume a 6.03% annual rate of increase in the per capita cost of covered healthcare benefits for 2019, reducing gradually each year, reaching an ultimate rate of 4.5% in 2038 and remaining at that level thereafter. Exposure to variances in these cost trends have been mitigated to the extent that a 1% change would have a negligible effect on the accumulated post-retirement benefit obligation at the end of 2019.

		Impact on Defined Benefit Obligation	
	Change in Assumption	Increase in Assumption	Decrease in Assumption
Discount rate	0.25%	Decrease by 3.2%	Increase by 3.4%
Salary growth rate	0.25%	Increase by 0.1%	Decrease by 0.1%
Pension growth rate	0.25%	Increase by 0.3%	Decrease by 0.3%

	Increase by 1 Year in Assumption	Decrease by 1 Year in Assumption
Life expectancy	Increase by 2.6%	Decrease by 2.6%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared with the previous period.

Fair value of plan assets

The Group's defined benefit pension plans' assets and weighted-average asset allocation as of November 30, 2019 and 2018, by category, were as follows:

	As of November 30,			
(in thousands)	**2019**	**%**	2018	%
Cash and cash equivalents	**$ 1,522**	**1%**	$ 1,195	1%
Equity instruments	**107,728**	**50%**	101,978	52%
Debt instruments	**97,103**	**46%**	69,715	36%
Real estate	**2,988**	**1%**	12,340	6%
Derivatives	**–**	**–**	5,363	3%
Investment funds	**1,697**	**1%**	1,723	1%
Assets held by insurance company	**331**	**–**	337	–
Other	**1,545**	**1%**	1,425	1%
Total	**$ 212,914**	**100%**	$ 194,076	100%

The fair value of all plan assets was based on quoted market prices, except for cash.

It is the Group's policy to invest pension plan assets for its defined benefit plans to ensure that there is an adequate level of assets to support benefit obligations to participants and retirees over the life of the plans, maintain liquidity in plan assets sufficient to cover current benefit obligations and earn the maximum investment return consistent with a prudent level of investment and actuarial risk.

Investment return is the total compounded annual return, calculated recognising interest and dividend income, realised and unrealised capital gains and losses, employer contributions, expenses, and benefit payments.

The Group expects to contribute $2.3 million to its defined benefit pension and post-retirement benefit plans in 2020.

Weighted average duration of the defined benefit obligation is 18.2 years.

Notes to the Financial Statements continued

Expected maturity analysis of undiscounted pension and post-employment benefits

(in thousands)	Less than a year	Between 1-2 years	Between 2-5 years	More than 5 years	Total
Pension benefits	$ 11,125	$ 10,968	$ 35,167	$ 58,138	**$ 115,398**
Post-employment benefits	614	575	1,595	1,705	**4,489**
Total	**$ 11,739**	**$ 11,543**	**$ 36,762**	**$ 59,843**	**$ 119,887**

The above table excludes vested deferred participants who have not started their retirement payments.

The Group also provides defined contribution plans to certain of its qualifying employees. Group contributions charged to expense for these plans were $18.5 million and $18.8 million for the years ended November 30, 2019 and 2018, respectively.

26. PROVISIONS

Accounting policy

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the balance sheet date. If the effect is material, provisions are recognised at present value by discounting the expected future cash flows at a pre-tax rate that reflects the time value of money.

When a contract becomes onerous, the present obligation under the contract is recognised as a provision and measured at the lower of the expected cost of fulfilling the contract and the expected cost of terminating the contract as far as they exceed the expected economic benefits of the contract. Additions to provisions and reversals are generally recognised in the Consolidated Income Statements.

The present value of the recognised obligations associated with the retirement of property, plant and equipment (asset retirement obligations) that result from the acquisition, construction, development or normal use of an asset is added to the carrying amount of the related asset. The additional carrying amount is depreciated over the useful life of the related asset. Additions to and reductions from the present value of asset retirement obligations that result from changes in estimates are generally recognised by adjusting the carrying amount of the related asset and provision. If the asset retirement obligation is settled for other than the carrying amount of the liability, the Company recognises a gain or loss on settlement.

A provision is established for obligations under lease agreements to dismantle and/or restore leased property to its original condition.

Short–term provisions

(in thousands)	Claims Provisions	Perth Amboy Environmental Provision	Decommissioning Provision	Restructuring	Onerous Contract Provision	Total
Balance at December 1, 2018	**$ 2,815**	**$ 551**	**$ 134**	**$ 251**	**$ –**	**$ 3,751**
Additional provisions recognised, net	919	–	–	(29)	199	1,089
Reductions arising from payments	(1,023)	(156)	(134)	(155)	–	(1,468)
Net foreign exchange differences	–	–	–	(2)	–	(2)
Transfer from long-term provisions	–	–	1,749	–	–	1,749
Balance at November 30, 2019	**$ 2,711**	**$ 395**	**$ 1,749**	**$ 65**	**$ 199**	**$ 5,119**

The claims provision represents short-term claims made against the Group by external parties. See further discussion under Long-term provisions below.

In 2013, the Group sold land in Perth Amboy, New Jersey. The sale price included an obligation to remediate for certain environmental matters at the site. The provision is based on the expected future costs to remediate the land.

The decommissioning provision at November 30, 2018 related to the Hamer Street terminal in New Zealand was fully utilised during 2019. The provision at November 30, 2019 related to the expected 2020 restoration costs on the Wynyard, New Zealand terminal. Restoration is expected to be completed by March 31, 2021. The provision is based on the expected future costs to fully decommission the site.

A restructuring reserve was established in relation to the closure of an office in Norwalk, Connecticut and move of the functions to the Houston, Texas, office. The remaining liability primarily represents deferred severance payments.

The onerous contract provision relates to the short-term portion of the land lease at Wynyard New Zealand. The lease runs until March 31, 2022, but operations are expected to cease by June 30, 2020.

Long-term provisions

(in thousands)	Environmental Provision	Asset Retirement Obligations	Claims Provision	Onerous Contract Provision	Total
Balance at December 1, 2018	**$ 810**	**$ 2,677**	**$ –**	**$ –**	**$ 3,487**
Additional provisions recognised, net	–	(22)	207,771	687	208,436
Reduction arising from the payments	(78)	(437)	–	–	(515)
Net foreign exchange differences	(56)	(164)	–	(53)	(273)
Transfer to short-term provisions	–	(1,749)	–	–	(1,749)
Balance at November 30, 2019	**$ 676**	**$ 305**	**$ 207,771**	**$ 634**	**$ 209,386**

The environmental provision relates to ground water and soil disposal remediation costs necessary to remedy various contamination risks identified in Stolthaven terminals. The provision is based on the present value of the expected costs to remediate the land.

The asset retirement obligations relate to an obligation to dismantle and/or restore leased property to its pre-leased condition for Stolthaven terminals in New Zealand. It is not expected that leases will be renewed; therefore, the future obligations have been estimated based on the present value of the expected future costs to dismantle the terminal and/or restore the leased property in accordance with the lease contracts. The long-term provision is expected to be paid between December 2020 and March 2021.

The claims provision relates to claims made against the Group by external parties. These relate to third-party claims such as collision, property damage, pollution, environmental damage, general average, injury and cargo claims. The provision was based on the latest expected costs and primarily related to the civil action as a result of the fire on the *MSC Flaminia* and the collision involving the *Stolt Commitment* (see in Note 29), as well as the explosion related to the *Stolt Groenland*. See Note 18, Insurance claims receivables, for the amount that is considered to be virtually certain to be recovered from insurance companies. Prior to 2019, the provision was shown net of insurance claims receivables. The timing of the payments of these provisions is expected to be greater than one year.

The onerous contract provision relates to the land lease at Wynyard New Zealand. The lease runs until March 31, 2022, but operations are expected to cease by June 30, 2020.

27. COMMITMENTS AND CONTINGENCIES

As of November 30, 2019, and 2018, the Group had total capital expenditure purchase commitments outstanding of approximately $96.8 million and $111.7 million, respectively. At November 30, 2019, the total purchase commitments primarily consisted of equipment for tankers of $20.4 million, committed equity investment in Avenir LNG Limited ("Avenir LNG") for $36.0 million, terminal expansion projects of $20.1 million, tank container projects of $6.8 million and Stolt Sea Farm expansion projects of $12.9 million and business technology projects of $0.6 million. Of the total purchase commitments at November 30, 2019, $91.6 million are expected to be paid over the next 12 months from existing liquidity.

Purchase commitments of joint ventures and associates

The Group's joint ventures and associates had $270.9 million of total capital expenditure purchase commitments on November 30, 2019. This amount included commitments for Avenir LNG of $255.5 million for four 7,500 cbm LNG newbuildings, two 20,000 cbm LNG newbuildings and the Higas terminal. Of this amount $105.6 million is with recourse to the Group, relating to two 7,500 cbm and 50% of two 20,000 cbm LNG newbuildings. The remaining $149.9 million of Avenir LNG commitments are without recourse to the Group, together with $11.7 million for the terminal joint ventures, $3.0 million for tanker joint ventures and $0.7 million for tank container joint ventures.

Of the total purchase commitments at November 30, 2019 for joint ventures and associates, $131.1 million is expected to be paid over the next 12 months. The commitments will either be paid out of the existing liquidity of those joint ventures or through external financing, which is in the process of being raised.

Environmental

The Group's operations involve the carriage, use, storage and disposal of chemicals and other hazardous materials and wastes. The Group is subject to applicable international and national health, safety and environmental laws relating to the protection of the environment, including those governing discharges of pollutants to air and water, the generation, management and disposal of hazardous materials and wastes and the cleanup of contaminated sites.

The Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA"), commonly known as Superfund, was enacted by the US Congress on December 11, 1980. This law created a tax on the chemical and petroleum industries and provided broad federal authority to respond directly to releases or threatened releases of hazardous substances that may endanger public health or the environment. This law and similar state environment statutes and common laws can impose liability for the entire cleanup of contaminated sites or for third-party claims for property damage and personal injury, regardless of whether the current owner or operator owned or operated the site at the time of the release of contaminants or the legality of the original disposal activities.

Actual or discontinued operations in the US may trigger a future liability. Owing to the uncertainty whether or the length of time before any liability may occur, it is currently not considered probable that a liability will arise and consequently no provision has been recorded.

28. RELATED PARTY TRANSACTIONS

The Group is controlled and ultimately controlled by trusts for the benefit of the Stolt-Nielsen family. Compensation and board fees are provided to certain members of the Stolt-Nielsen family. There are no other transactions between the Group and the Stolt-Nielsen family, other than those described below.

Notes to the Financial Statements continued

Employee and officer loans and advances

Included in Other current assets are loans and advances to employees and officers of the Group of $0.3 million and $0.5 million as of November 30, 2019 and 2018, respectively. In addition, included in Other non-current assets are loans and advances to employees and officers of the Group of $0.5 million at November 30, 2019 and 2018. Such loans and advances primarily represent secured housing loans that have been provided to key employees in connection with their relocation, along with advances for travel and other costs. Of the total loans and advances, $0.5 million were interest-bearing, with interest rates ranging from 6.0% to 7.0% as of November 30, 2019 and 2018. Interest received was less than $0.1 million for both 2019 and 2018.

Board of Directors and key management compensation

Key management includes the Executive Officers and Presidents of the Group's major businesses. Total compensation and benefits of the Board of Directors and the key management were as follows:

	For the years ended November 30,			
(in thousands)		**2019**		2018
Board fees	**$**	**835**	$	835
Salary and benefits		**4,197**		4,510
Profit sharing		**136**		705
Long-term incentives		**748**		931
Pension cost		**466**		880
Total compensation and benefits	**$**	**6,382**	$	7,861
Average number of key managers included		**9**		9

At the end of 2019 and 2018, the Board of Directors consisted of seven members.

During the year ended November 30, 2018, a member of the Board was given a loan of $0.2 million at an interest rate of 5.25%. The full amount, including accrued interest, was repaid in the fourth quarter of 2018.

Transactions with joint ventures and associates

The consolidated balance sheets include the following items related to transactions with the Group:

	As of November 30,			
(in thousands)		**2019**		2018
Joint ventures:				
Amounts due from the Group	**$**	**15,340**	$	20,367
Amounts due to the Group		**47,670**		44,382

Included within Amounts due to the Group are $6.8 million and $1.5 million as of November 30, 2019 and 2018, respectively, for receivables from joint ventures and associates. These amounts are reflected in the consolidated balance sheets as Other current assets. The remaining amounts due to the Group are included in Investments in and advances to joint ventures and associates. Amounts due from the Group are included in Other current liabilities in the consolidated balance sheets.

Short-term advances to joint ventures and associates are non-interest bearing and amounted to nil and $5.0 million as of November 30, 2019 and 2018, respectively. The long-term advance to NYK Stolt Tankers S.A. ("NYK Stolt") of $25.8 million bears interest at six-month LIBOR plus 1%. The Group had also made long-term advances of $15.0 million and $9.6 million to other joint ventures and associates at November 30, 2019 and 2018, respectively. Interest on these range from 4.8% to 6.5% in 2019 and 2018. Interest received in cash for 2019 and 2018 was $1.0 million and $0.8 million, respectively.

The joint ventures and associates include the following items related to transactions with the Group:

	For the years ended November 30,			
(in thousands)		**2019**		2018
Joint Ventures				
Charter hire revenue*	**$**	**96,409**	$	94,770
Tank container cleaning station revenue		**8,664**		5,245
Other revenue		**–**		3,483
Charter hire expense		**42,867**		38,338
Management and other expenses		**13,669**		13,436
Freight and joint service commission expense		**2,449**		4,314
Finance expense		**1,673**		3,044
Other expense		**320**		473
Associates				
Tank container cleaning station revenue	**$**	**3,106**	$	3,562

* The charter hire revenues are amounts distributed to NYK Stolt and Hassel Shipping 4 A.S., joint ventures of the Group, for their share of the Joint Service's revenue.

The Group has a 24.99% interest in Norterminal A.S. which is a company working on storage projects in northern Norway. The remaining 75.01% of Norterminal A.S. is controlled by S-N Terminal A.S., a company wholly owned by one of SNL's Directors who is a member of the Stolt-Nielsen family. The Group's investment in Norterminal A.S. was $1.2 million and $1.5 million as of November 30, 2019 and 2018, respectively.

29. LEGAL CLAIMS AND PROCEEDINGS

There are various legal proceedings arising in the ordinary course of business and in cases where the Group believes the likelihood of losses is probable and can be estimated, provisions are recorded. While ongoing legal proceedings could have a material adverse effect on the Group's consolidated financial position or results of operations in the future, the Group believes that none of these matters will have a material adverse effect on its business or financial condition.

During 2019 and 2018, the Group has been involved in certain civil litigation cases, which are described below.

Collision involving *Stolt Commitment*

On December 16, 2015, the *Stolt Commitment* was involved in a collision with the general cargo ship *Thorco Cloud*, while in the Singapore Strait. As a result, the *Thorco Cloud* sank with the loss of three lives, three other crewmen being unaccounted for. She was carrying steel and project cargo. The *Stolt Commitment* was damaged in the collision and arrangements were made to transship the cargo on board to Malaysia, following which she went for repair. General Average, which is when all parties share in any losses from the voluntary sacrifice of part of a ship or cargo to save the whole in an emergency, has been declared. The wreck of the *Thorco Cloud*, which is in two pieces, will probably require removal along with the removal of bunkers on board the ship when she sank. Claims have been made against the *Stolt Commitment* and her insurers by the owners of the *Thorco Cloud* and her insurers, the bereaved families of the deceased/missing crewmen, and those interested in the cargo on board the *Thorco Cloud*. Claims have been notified by the *Stolt Commitment* to the owners of the *Thorco Cloud* and her insurers. In June 2019 the direct action suit filed by the *Thorco Cloud* interests against the Group and its insurers in Norway was rejected by the Court of Appeals. The *Thorco Cloud* interests have appealed the judgment of the Court of Appeals to the Supreme Court. The Supreme Court is likely to schedule oral arguments during the first quarter of 2020. Nonetheless, responsibility and allocation of fault for the collision has not yet been determined but any losses, repairs and legal costs will be covered by insurance maintained by the Group, subject to deductibles and certain unrecoverable expenses. At November 30, 2019, the Group has recorded a provision for the expected future liability, along with a receivable for related insurance reimbursements. It is not expected that there will be a material adverse effect on the Group's business or financial condition.

Civil actions as a result of Hurricane Isaac

At the end of August 2012, Hurricane Isaac caused widespread flooding in southern Louisiana, including an unprecedented storm surge at the terminal in New Orleans/Braithwaite of about 13 feet of water. The storm surge overtopped the Parish levee system and despite extensive efforts to prepare the terminal for the impact of the hurricane, extensive damage was sustained to various portions of the facility, including several tanks, causing some tank releases of stored product to occur. Multiple notices were made to the relevant authorities. The protective measures taken in and around the terminal were successful in retaining a considerable amount of the releases. Following the hurricane, the rail cars stored at the terminal were inspected and no leaks were detected.

Both the state and federal environmental agencies, as well as the Louisiana State Police, have claimed against the terminal for civil penalties for i) failure to properly provide notice in accordance with the respective regulatory requirements, and ii) the release of certain chemical products being stored at the terminal. The Group challenged the claims. With the exception of one (1) outstanding claim brought by the Louisiana Department of Environmental Quality ("LDEQ"), all of the regulatory claims have been fully resolved. The outstanding LDEQ claim relates to the emergency response costs related to the product releases. Stolthaven has disputed its obligation to pay the alleged amount. Nonetheless, the parties are pursuing a resolution of this matter. It is not expected that the final resolution will have a material effect on the Group's business or financial condition.

Following the flooding at the terminal in New Orleans/Braithwaite, two class actions and multiple individual actions were filed at the District Court in the Parish of Plaquemines, State of Louisiana.

All actions allege pollution of the claimants' properties with liquids stored at the terminal and allegedly released as a consequence of the flooding. The actions are being defended and the monitoring of air quality, sampling of the flood waters and soil testing, all carried out in cooperation with the various government authorities, have shown results within the guidelines established by the LDEQ. In addition, Stolthaven New Orleans LLC has received a number of claims from residents for costs and/or damages via a claims hotline and all such claims have been made part of the above-referenced litigation. All these matters including the legal fees for the defence are covered by insurance maintained by the Group and it is not expected that they will have a material adverse effect on its business or financial condition.

Civil actions as a result of the fire on the *MSC Flaminia*

On July 14, 2012, a fire broke out aboard the *MSC Flaminia* during the ship's crossing of the Atlantic Ocean in cargo hold number 4. During the crew's attempt to extinguish the fire, an explosion occurred. Stolt Tank Containers ("STC") had 29 tank containers onboard the ship, three of which were stowed in cargo hold number 4. These tank containers carried various products for various customers.

STC filed claims for the replacement value of the tank containers and the product carried. In August 2012, vessel interests declared General Average. The vessel was initially hauled to Germany and then sailed onward to Romania for inspection, investigation and discharge operations.

On May 29, 2013, the vessel interests, namely the owner, manager and operator filed counter and cross-claims against STC and Deltech, the shipper of the three tank containers stowed in cargo hold number 4, alleging that these tank containers were the cause of the fire and that STC did not adequately warn of the inherently dangerous nature of the cargo. Since that time, several other cargo claimants have filed cross-claims against STC and Deltech.

The case remains pending in the US Federal Court sitting in the Southern District of New York. All fact and expert discovery on liability has been completed. The trial format was set up in three phases with Phase 1 dedicated solely to the findings of fact, with Phase 2 dedicated to allocating liability among responsible defendants. Phase 3 is to determine recoverable damages. The Phase 1 trial occurred during the Fall of 2017. The Phase 2 trial was completed in August 2018. The US District Court for the Southern District of New York delivered a judgment on September 10, 2018, which held the Group jointly liable with Deltech for the incident where the counterparties are alleging damages of $180.0 million, excluding interest. The claim is covered by insurance and the Group has recorded a provision for the expected future liability, as well as a receivable for related insurance reimbursements. The judgment has been appealed by the defendants, STC and Deltech. The final phase of the trial to assess the quantum of damages is likely to proceed in 2021.

Notes to the Financial Statements continued

Incident on the *Stolt Invention*

On March 12, 2016, a ship pilot sustained injuries while disembarking the *Stolt Invention* and landed on the deck of the attending pilot boat. The ship pilot sustained multiple injuries and filed suit in the US Federal Court in the Southern District of New York on January 4, 2019, claiming for lost future earnings net of taxes and discounted to present value to exceed $23.0 million. In addition, this complaint alleges unquantified damages for past and future pain and suffering and medical costs. The Group contested its liability for the incident as well as the categories and quantum of damages being sought. On March 15, 2019, the parties agreed to settle the claim and the settlement and costs were paid by insurance.

Bitumen Indonesia customers' claims

In a civil case between Stolt Bitumen Indonesia, and some of its bitumen customers in relation to products delivered, the Indonesian lower court awarded customers $8.1 million in compensation, while discharging the Group's counter-claim for non-collection of payment for about the same amount. The Group appealed the award to the Supreme Court in Indonesia. In December 2019, the Supreme Court rendered its judgment in favour of the Group and reversed the award to the customers and, accordingly, no provision has been made in the Financial Statements.

General

The ultimate outcome of governmental and third-party legal claims and proceedings is inherently difficult to predict. The Group's operations are affected by international and domestic environmental protection laws and regulations. Compliance with such laws and regulations may entail considerable expense, including ship modifications and changes in operating procedures.

30. COMMON SHARES, FOUNDER'S SHARES, PAID-IN SURPLUS AND DIVIDENDS DECLARED

Accounting policy

Equity capital stock

The Company's capital comprises equity capital stock. Equity capital stock is measured based on net proceeds.

Dividends

Dividends recommended by the Board of Directors are recognised in the Financial Statements when they have been approved by the Shareholders at the Annual General Meeting. Interim dividends are recognised when approved by the Board of Directors.

Treasury shares

Upon the Group's purchase of its own shares (Treasury shares), the consideration paid is deducted from equity attributable to equity holders until the shares are cancelled, reissued or otherwise disposed of. In cases where such shares are subsequently sold or reissued, any consideration received is included in equity attributable to equity holders.

	Founder's Shares par value $0.001 per share		Common Shares par value $1 per share	
	Shares Issued	Treasury Shares	Shares Issued	Treasury Shares
Balance at December 1, 2017	16,033,449	547,235	64,133,796	2,188,941
Repurchase of Treasury shares	–	266,622	–	1,066,489
Balance at November 30, 2018	16,033,449	813,857	64,133,796	3,255,430
Repurchase of Treasury shares	–	88,643	–	354,570
Balance at November 30, 2019	**16,033,449**	**902,500**	**64,133,796**	**3,610,000**

Share rights

The Group's authorised share capital consists of 65,000,000 Common Shares, par value $1.00 per share, and 16,250,000 Founder's Shares, par value $0.001 per share. As of November 30, 2019, and 2018, there were 64,133,796 Common Shares issued, of which Treasury shares were 3,610,000 (2018: 3,255,430). Except for matters where applicable law requires the approval of both classes of shares voting as separate classes, Common Shares and Founder's Shares vote as a single class on all matters submitted to a vote of the Shareholders, with each share entitled to one vote.

Under the Bye-Laws, holders of Common Shares and Founder's Shares participate in annual dividends, if any are declared by the Group, in the following order of priority: (i) $0.005 per share to Founder's Shares and Common Shares equally; and (ii) thereafter, all further amounts are payable to Common Shares only.

Furthermore, the Bye-Laws also set forth the priorities to be applied to each of the Common Shares and Founder's Shares in the event of a liquidation. Under the Bye-Laws, in the event of a liquidation, all debts and obligations of the Group must first be paid and thereafter all remaining assets of the Group are paid to the holders of Common Shares and Founder's Shares in the following order of priority: (i) Common Shares ratably to the extent of the par value thereof ($1.00 per share); (ii) Common Shares and Founder's Shares participate equally up to $0.05 per share; and (iii) thereafter, Common Shares are entitled to all remaining assets.

Dividends

On November 21, 2019, the Group's Board of Directors declared an interim dividend of $0.25 per Common Share and $0.005 per Founder's Share to Shareholders of record as of November 27, 2019. The total gross amount of the dividend was $13.5 million, which was classified as an interim dividend and paid on December 11, 2019.

On February 14, 2019, the Group's Board of Directors recommended a final dividend for 2018 of $0.25 per Common share payable on May 9, 2019 to shareholders of record as of April 25, 2019. The dividend was approved at the Group's Annual General Meeting of Shareholders held on April 16, 2019 in Bermuda. The total gross amount of the dividend was $13.4 million and paid on May 9, 2019.

Treasury shares

On February 7, 2018, the Board authorised continuation of the share buy-back programme initially announced on March 2, 2016. Under that 2016 buy-back programme, the Board had authorised the purchase of up to $30.0 million worth of the Company's Common Shares. At November 30, 2018, $13.1 million remained available for further purchase. In the year ended November 30, 2019, a further 354,570 shares had been repurchased for $4.4 million, leaving $8.7 million available for further purchases.

Treasury shares – transfer

The Group has pledged 7,000,000 Treasury shares as collateral for the Collateralised RCF since November 2016. To comply with Bermuda law, the ownership of these shares was transferred from Stolt-Nielsen Limited to Stolt-Nielsen Finance Limited, a wholly owned subsidiary. Stolt-Nielsen Finance Limited holds these shares on behalf of the lender and they are no longer included in Treasury shares. These shares are now included within Paid-In surplus on the Balance Sheet and are considered outstanding for the purposes of the Earnings Per Share calculation.

Founder's Shares and Treasury shares

As of November 30, 2019, 15,130,949 (2018: 15,219,592) of Founder's Shares had been issued to Fiducia Ltd, net of Treasury shares. Additional Founder's Shares are issuable to holders of outstanding Founder's Shares without consideration, in quantities sufficient to maintain a ratio of Common Shares to Founder's Shares of 4 to 1.

As of November 30, 2019, 3,610,000 (2018: 3,255,430) of Treasury shares were held by the Group. The Group also held 902,500 (2018: 813,857) of Founder's Shares. Note that dividends are not paid on Treasury shares held by the Group.

Capital management

The Group defines capital as net debt and equity attributable to equity holders of SNL. The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern to provide returns for Shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. To maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to Shareholders, return capital to Shareholders, issue new shares, repurchase shares or sell assets to reduce debt.

The Group monitors capital on the basis of the ratio of debt to tangible net worth. This is calculated as short-term and long-term debt divided by equity attributable to equity holders less intangible assets and excluding other components of equity. The Group's Management targets maintaining a ratio of debt to tangible net worth of 1.50. As of November 30, 2019 and 2018, the ratio of debt to equity attributable to equity holders of SNL less intangible assets and excluding other components of equity was as follows:

	As of November 30,	
(in thousands)	**2019**	2018
Short-term bank loans and long-term debt	**$ 2,345,526**	$ 2,392,231
Equity attributable to equity holders of SNL less intangible assets and excluding other components of equity	**1,600,882**	1,615,209
Debt to tangible net worth	**1.47**	1.48

The debt to tangible net worth of 1.47 at November 30, 2019, is in line with management's expectations and below its target ratio of 1.50.

The Group has external restrictions on its capital, which are its bank covenants. See Note 22 for further details.

31. EARNINGS PER SHARE

Accounting policy

Basic Earnings per Common share ("EPS") is calculated by dividing net profit by the weighted average number of shares outstanding during the year. Diluted EPS is calculated by adjusting the weighted average number of shares outstanding during the year for all potentially dilutive shares and equivalents outstanding during the year using the Treasury stock method.

As further discussed in Note 30, "Common Shares, Founder's Shares and Dividends declared", Founder's Shares, which provide the holder thereof with certain control features, only participate in earnings to the extent of $0.005 per share for the years in which dividends are declared, and are limited to $0.05 per share upon liquidation. For the purposes of calculating EPS, dividends paid on Founder's Shares are deducted from earnings to arrive at net profit attributable to Common Shareholders. Founder's Shares are not included in the basic or diluted weighted average shares outstanding in the calculation of earnings per Common Share.

The following is a reconciliation of the numerator and denominator of the basic and diluted earnings per share computations:

	For the years ended November 30,	
(in thousands, except per share data)	**2019**	2018
Net profit attributable to equity holders of SNL	**$ 21,043**	$ 54,850
Less: Dividends on Founder's Shares	**(76)**	(76)
Net profit attributable to Common Shareholders	**$ 20,967**	$ 54,774
Basic and diluted weighted average shares outstanding	**60,585**	61,338
Basic earnings per share	**$ 0.35**	$ 0.89
Diluted earnings per share	**$ 0.35**	$ 0.89

Notes to the Financial Statements continued

32. RECONCILIATION OF NET PROFIT TO CASH GENERATED FROM OPERATIONS

(in thousands)	For the years ended November 30, 2019	2018
Net profit	**$ 19,061**	$ 53,990
Adjustments to reconcile net profit to net cash from operating activities:		
Depreciation of property, plant and equipment	**251,401**	261,192
Amortisation of intangible assets	**3,152**	3,472
Impairment of assets	**5,500**	26,390
Gain on deconsolidation of Avenir LNG	**–**	(11,157)
Loss on step-down disposal of associate	**–**	12,884
Finance expense, net	**136,183**	135,239
Net periodic benefit expense of defined benefit pension plans	**1,957**	2,438
Income tax expense (benefit)	**18,534**	(7,701)
Share of profit of joint ventures and associates	**(23,176)**	(32,360)
Fair value adjustment on biological assets	**5,123**	(5,452)
Foreign currency-related loss	**2,385**	4,971
Unrealised bunker hedge loss	**4,690**	8,240
(Gain) loss on disposal of assets, net	**(2,407)**	1,325
Changes in assets and liabilities, net of effect of acquisitions and divestitures:		
Decrease (increase) in receivables	**22,833**	(8,132)
Decrease (increase) in inventories	**851**	(219)
Decrease (increase) in biological assets	**2,276**	(1,044)
(Increase) decrease in prepaid expenses and other current assets	**(3,066)**	8,730
(Decrease) increase in accounts payable and other current liabilities	**(26,669)**	4,015
Contributions to defined benefit pension plans	**(1,695)**	(1,824)
Dividends from joint ventures and associates	**15,902**	22,204
Other, net	**(3,499)**	(342)
Cash generated from operations	**$ 429,336**	$ 476,859

33. SUBSEQUENT EVENTS

Dividends

On March 16, 2020, the Company recommended that no final dividend be paid for 2019 in response to market uncertainties created by the ongoing coronavirus pandemic and to protect the liquidity of the Group.

Issuance of Bonds

On February 5, 2020, the Company announced the placement of a senior unsecured bond issue of NOK 1.3 billion ($141.5 million) with a maturity date in 2024. The Company has swapped the new bond in U.S. dollars for a fixed interest rate of 5.44%. In connection with the placement of the new bond issue, the Company has repurchased NOK 427 million of the Nordic bond with maturity date of April 8, 2020.

Responsibility Statement

We confirm, to the best of our knowledge, that the consolidated Group and Company Financial Statements for the period December 1, 2018 to November 30, 2019 have been prepared in accordance with IFRS as adopted by the European Union and give a true and fair view of the Group's assets, liabilities, financial position and profit as a whole. In preparing these Financial Statements, we are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable;
- State whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- Prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

We are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclosure with reasonable accuracy at any time the financial position of the Company and the Group and enable us to ensure that the Financial Statements comply with the Bermuda Company Act of 1981. We are also responsible for safeguarding the assets of the Company and the Group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. We are responsible for the maintenance and integrity of the Company's website. We highlight that legislation in Bermuda governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

We also confirm, to the best of our knowledge, that the Financial review and the Business Review include a fair review of important events that have occurred during the financial year and their impact on the Financial Statements, as description of the principal risks and uncertainties facing the Group and material related party transactions.

The Financial Statements on pages 52 to 112 and 114 to 127 were approved and signed on behalf of the Board of Directors.

Niels G. Stolt-Nielsen
Chief Executive Officer

Jens F. Grüner-Hegge
Chief Financial Officer

London

March 17, 2020

Income Statement

(in thousands)	Notes	For the years ended November 30, 2019	2018 As Restated
Administrative and general expenses	3	**$ (1,808)**	$ (3,451)
Operating loss		**(1,808)**	(3,451)
Finance expense	9	**(45,467)**	(51,140)
Finance income from related parties	9	**74,627**	88,782
Finance income		**–**	67
Foreign exchange gain		**3**	60
Dividend income	12	**29,500**	45,100
Profit before income taxes		**56,855**	79,418
Income tax expense		**–**	–
Net Profit		**$ 56,855**	$ 79,418

The accompanying notes form an integral part of these Financial Statements.

Statement of Comprehensive Income

(in thousands)	Notes	For the years ended November 30, 2019	2018 As Restated
Net profit for the year		**$ 56,855**	$ 79,418
Other comprehensive (loss) income:			
Items that may be reclassified subsequently to profit or loss:			
Net loss on cash flow hedges	5	**(25,001)**	(27,465)
Reclassification of cash flow hedges to the income statement	5	**19,358**	35,995
Other comprehensive (loss) income for the year		**(5,643)**	8,530
Total comprehensive income		**$ 51,212**	$ 87,948

The accompanying notes form an integral part of these Financial Statements.

Balance Sheet

(in thousands)	Notes	As of November 30, 2019	2018
ASSETS			As Restated
Cash and cash equivalents	4	**$ 2**	$ 4
Accounts receivable from subsidiaries	8, 12	**1,063,762**	1,832,879
Other current assets	6, 8	**32**	7,701
Total Current Assets		**1,063,796**	1,840,584
Long-term receivables from subsidiaries	8, 12	**290,262**	1,355,316
Investments in subsidiaries	7	**1,576,412**	1,576,122
Total Non-Current Assets		**$ 1,866,674**	2,931,438
Total Assets		**$ 2,930,470**	$ 4,772,022
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current maturities of long-term debt	8	**$ 135,452**	$ 150,080
Accounts payable to subsidiaries	12	**38,339**	37,984
Interest and other payables	8, 15	**5,022**	6,635
Derivative financial instruments	5	**31,335**	39,211
Dividends payable	15	**13,457**	13,549
Total Current Liabilities		**223,605**	247,459
Long-term debt	9	**330,702**	486,312
Long-term payable to subsidiaries	12	**1,048,696**	2,733,633
Derivative financial instruments	5	**75,598**	72,756
Total Non-Current Liabilities		**1,454,996**	3,292,701
Total Liabilities		**1,678,601**	3,540,160
Equity			
Founder's Shares	14	**16**	16
Common Shares, par value $1	14	**64,134**	64,134
Paid-in surplus		**396,608**	396,608
Retained earnings		**867,975**	837,958
Hedging reserve		**(5,859)**	(216)
		1,322,874	1,298,500
Treasury shares		**(71,005)**	(66,638)
Total Shareholders' Equity		**1,251,869**	1,231,862
Total Liabilities and Equity		**$ 2,930,470**	$ 4,772,022

The accompanying notes form an integral part of these Financial Statements.

Statement of Changes in Shareholders' Equity

(in thousands)	Common Shares	Founder's Shares	Paid-in Surplus	Retained Earnings As Restated	Hedging Reserve	Treasury Shares	Total Shareholder's Equity As Restated
Balance, December 1, 2017	**$ 64,134**	**$ 16**	**$ 396,608**	**$ 785,740**	**$ (8,746)**	**$ (51,486)**	**$ 1,186,266**
Comprehensive income							
Net Profit (as restated)	–	–	–	79,418	–	–	79,418
Other comprehensive income:							
Net income on cash flow hedge	–	–	–	–	8,530	–	8,530
Other comprehensive income	–	–	–	–	8,530	–	8,530
Total comprehensive income (as restated)	**–**	**–**	**–**	**79,418**	**8,530**	**–**	**87,948**
Transactions with Shareholders							
Cash dividends paid – $0.50 per Common Share	–	–	–	(27,124)	–	–	(27,124)
Cash dividends paid – $0.005 per Founder's Share	–	–	–	(76)	–	–	(76)
Purchase of own shares	–	–	–	–	–	(15,152)	(15,152)
Total transactions with Shareholders	**–**	**–**	**–**	**(27,200)**	**–**	**(15,152)**	**(42,352)**
Balance, November 30, 2018	**$ 64,134**	**$ 16**	**$ 396,608**	**$ 837,958**	**$ (216)**	**$ (66,638)**	**$ 1,231,862**
Comprehensive income							
Net Profit	–	–	–	56,855	–	–	56,855
Other comprehensive loss:							
Net loss on cash flow hedge	–	–	–	–	(5,643)	–	(5,643)
Other comprehensive loss	–	–	–	–	(5,643)	–	(5,643)
Total comprehensive income (loss)	**–**	**–**	**–**	**56,855**	**(5,643)**	**–**	**51,212**
Transactions with Shareholders							
Cash dividends paid – $0.50 per Common Share	–	–	–	(26,762)	–	–	(26,762)
Cash dividends paid – $0.005 per Founder's Share	–	–	–	(76)	–	–	(76)
Purchase of own shares	–	–	–	–	–	(4,367)	(4,367)
Total transactions with Shareholders	**–**	**–**	**–**	**(26,838)**	**–**	**(4,367)**	**(31,205)**
Balance, November 30, 2019	**$ 64,134**	**$ 16**	**$ 396,608**	**$ 867,975**	**$ (5,859)**	**$ (71,005)**	**$ 1,251,869**

The accompanying notes form an integral part of these Financial Statements.

Statement of Cash Flows

(in thousands)	Note	For the years ended November 30, 2019	2018
Cash generated from operations	16	**$ 259,500**	$ 219,670
Interest paid		**(46,279)**	(51,378)
Net cash generated from operating activities		**213,221**	168,292
Cash used in investing activities			
Acquisition of shares in Stolt-Nielsen Gas Ltd.	7	**(300)**	–
Net cash used in investing activities		**(300)**	–
Cash flows (used in) provided by financing activities			
Proceeds from issuance of long-term debt		**–**	23,000
Repayment of long-term debt		**(181,626)**	(148,686)
Repurchase of shares		**(4,367)**	(15,152)
Dividends paid		**(26,930)**	(27,465)
Net cash flow used in financing activities		**(212,923)**	(168,303)
Net decrease in cash and cash equivalents		**(2)**	(11)
Cash and cash equivalents at beginning of year		**4**	15
Cash and cash equivalents at the end of the year		**$ 2**	$ 4

The accompanying notes form an integral part of these Financial Statements.

Notes to the Financial Statements

1. CORPORATE STRUCTURE AND MANAGEMENT

Stolt-Nielsen Limited ("SNL" or the "Company") is a limited liability holding company incorporated in Bermuda on June 11, 2010. The registered address of the Company is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda, and with the registration number EC 44330.

The object of the Company is the participation in any manner in all commercial, industrial, financial and other enterprises of Bermuda or foreign nationality through the acquisition by participation, subscription, purchase, option or by any other means of all shares, stocks, debentures, bonds or securities; the acquisition of patents and licences which the Company will administer and exploit; the Company may lend or borrow with or without security, provided that any money so borrowed may only be used for the purposes of the Company, or companies which are subsidiaries of or associated with or affiliated with the Company; and in general to undertake any operations directly or indirectly connected with such objectives as permitted by the Bermuda Company Act.

The Company holds direct and indirect investments in various subsidiaries throughout the world which transport, store and distribute bulk liquid chemicals, edible oils and other specialty liquids. Other subsidiaries produce, process and market turbot, sturgeon, caviar and sole and distribute Bitumen. In addition, it has other subsidiaries which provide management and agency services to other subsidiaries owned by the Company. The Company also invests in opportunities in Liquefied Natural Gas shipping and distribution through its subsidiary, Stolt-Nielsen Gas Limited.

The functional and presentational currency of the Company is the US dollar. The Company is reimbursed by its subsidiaries for certain administrative and general expenses incurred on behalf of the subsidiaries.

The Company also prepares Consolidated Financial Statements. Both these Financial Statements and the Consolidated Financial Statements are prepared and published according to the provisions of the Bermuda company law.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Statements of Stolt-Nielsen Limited have been using accounting policies consistent with International Financial Reporting Standards as adopted by the European Union ("IFRSs") and interpretations issued by the IFRS Interpretations Committee.

The significant accounting policies used in the preparation of these Financial Statements are given below.

Restatement of Financial Statements

In 2018, the Company did not record finance income on its long-term receivable from Stolt Tankers Limited in error. This understated finance income and retained earnings by $37.7 million and overstated Long-term payable to subsidiaries by $37.7 million. The Company also reclassed certain payables to subsidiaries from long-term to short-term.

	November 30, 2018		November 30, 2018
(in thousands)	Actuals	Restatement	As restated
Finance income from related parties	$ 51,073	$ 37,709	$ 88,782
Short-term payable to subsidiaries	441	37,543	37,984
Long-term payable to subsidiaries	2,808,885	(75,252)	2,733,633
Retained earnings	**800,249**	**37,709**	**837,958**

Basis of measurement

The Financial Statements are prepared on the historical cost basis with the exception of derivatives which are recorded at fair value.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term time deposits, which are subject to an insignificant risk of changes in value.

Financial assets

The Company classifies its financial assets at amortised cost only if both of the following criteria are met: the asset is held within a business model with the objective of collecting the contractual cash flows, and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. Income from these financial assets is included in finance income using the effective interest rate method. The Company's assets are measured at amortised cost include trade and other receivables and cash and cash equivalents.

Impairment of financial assets

As required by IFRS 9, the Company adopted an "expected credit loss model", as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the Company to account for expected credit losses and changes in those expected credit losses at each year end or half year end date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised. Credit losses are calculated as the present value of the difference between all contractual cash flows that are due and all cash flows that the entity expects to receive. Expected credit losses are the sum of all possible credit losses, weighted by their probability of occurrence.

The "12-month expected credit losses" approach is applied to all financial assets with the exception of trade receivables and advances to joint ventures. Both these asset classes generally do not contain a significant financing component. For these assets, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, net of any allowance losses. The allowance loss measurement is determined by applying a simplified approach equalling the lifetime expected credit losses.

Under the simplified approach, the tracking of changes in credit risk is not required but instead the base lifetime expected credit loss at all times is applied. An allowance for loss is made for potentially impaired receivables during the year in which they are identified based on a periodic review of all outstanding amounts. Losses are recorded within selling, marketing and distribution expenses in the Income Statement. Trade receivables are deemed as

Notes to the Financial Statements continued

impaired when there is an indication of significant financial difficulties of the debtor (delinquency in or default on payments occurs, probability of bankruptcy or need for financial reorganisation).

Investments in subsidiaries

The Company accounts for its investments in subsidiaries at historical cost. At each reporting date investments in subsidiaries are assessed for an indication of impairment. As the investments in subsidiaries are not listed on a stock exchange or dealt in another regulated market, market value corresponds to the probable market or recovery value estimated by management. Any potential impairment is determined on a basis consistent with the accounting policy for goodwill. At November 30, 2019, no indication of impairment was identified.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less directly attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the Income Statement over the period of the borrowings on an effective interest basis.

Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the foreign exchange rate prevailing at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are not retranslated while non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates prevailing at the dates the fair value was determined.

Derivative financial instruments and hedging

The Company enters into forward exchange contracts to hedge foreign currency transactions and interest rate swaps to hedge the risk of variability of interest payments or a combination of these transactions. No instruments are held for speculative purposes.

Derivative financial instruments are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss on remeasurement is recognised immediately in the income statement unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition of any resultant gain or loss depends on the nature of the item being hedged. The impact in the income statement is shown in interest, foreign exchange or operating expenses, as appropriate, based on the underlying of the derivative.

(i) Determination of fair value

The fair value of interest rate swaps is the estimated amount that the Company would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties. The fair value of forward exchange contracts is their quoted market price at the balance sheet date.

(ii) Cash flow hedges

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the derivative financial instrument is recognised directly in equity. Any ineffective portion of the hedge is recognised immediately in the income statement.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains and losses that were recognised directly in equity are reclassified into the income statement in the same period or periods during which the asset acquired or liability assumed affects profit or loss, i.e. when finance income or expense is recognised.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss recognised in equity is recognised in the income statement immediately.

Equity capital stock

The Company's capital comprises equity capital stock. Equity capital stock is measured based on net proceeds.

Finance expenses

Finance expenses are recognised in the income statement as they accrue, using the effective interest method.

Taxes

The Company is incorporated in Bermuda, which is a non-taxable jurisdiction.

Dividends

Dividends recommended by the Board of Directors are recognised in the Financial Statements when they have been approved by the Shareholders at the Annual General Meeting. Interim dividends are recognised when approved by the Board of Directors.

Critical accounting policies

The carrying value of the Company's investment is considered to be a critical accounting policy.

The fair value of cross-currency interest rate swaps is based on discounted cash flow models based on the valuations received from brokers, taking into account current interest rates and foreign exchange rates and the current creditworthiness of the swap counterparties.

See the Critical Accounting Judgements and Key Sources of Estimation in the Consolidated Financial Statements of Stolt-Nielsen Limited included herein.

3. ADMINISTRATIVE AND GENERAL EXPENSES

Each non-executive Director receives a Board fee and additional fees are paid for legal, investor relations and other expenses.

(in thousands)		2019		2018
Board fees and other related costs	$	962	$	934
Professional fees		284		2,001
Other		562		516
Total	$	1,808	$	3,451

At the end of 2019 and 2018, the Board of Directors consisted of seven members.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balances and short-term time deposits, which are subject to an insignificant risk of changes in value.

5. DERIVATIVE ASSETS AND LIABILITIES

	November 30, 2019				November 30, 2018			
(in thousands)		Assets		Liabilities		Assets		Liabilities
Current portion	$	–	$	31,335	$	–	$	39,211
Non-current portion		–		75,598		–		72,756
	$	–	$	106,933	$	–	$	111,967

The Company's derivative activities are financial instruments not traded on a stock exchange but entered into with major financial institutions for hedging the Company's long-term debt and which subject the Company to a minimum level of counterparty risk. The Company does not believe that it has a material exposure to credit risk from third parties failing to perform according to the terms of hedge instruments.

The net loss recognised in equity for cross-currency interest rate swaps was $5.6 million for the year ended November 30, 2019, and net gain was $8.5 million for the year ended November 30, 2018.

The notional value of the cross-currency interest rate swap was $392.5 million and $540.1 million as of November 30, 2019 and 2018, respectively. These derivatives have been designated as cash flow hedges. For the years ended November 30, 2019 and 2018, $9.4 million and $11.2 million loss, respectively, were recognised in finance expense. The balance is expected to be reclassified to earnings in 2019 to 2021. Nothing has been reclassified into earnings for the ineffective portion of the derivative instruments for the years ended November 30, 2019 or 2018.

6. OTHER CURRENT ASSETS

Other current assets represent nil and $7.7 million of cash collateral held by the counterparties of the cross-currency interest rate swaps as of November 30, 2019 and 2018, respectively. A cash margin is posted when the mark-to-market exceeds a predetermined threshold.

7. INVESTMENTS IN SUBSIDIARIES

Investments in which the Company holds at least 20% in their share capital are as follows:

Undertakings Name (Legal Form) (in thousands)	Registered Office	Ownership %		November 30, 2018		Additions/ (deductions)		November 30, 2019
Stolt-Nielsen M.S. Ltd	Bermuda	100%	$	17	$	–		17
Stolt-Nielsen Group Resources Ltd	Liberia	100%		327,680		–		327,680
Stolt Tankers Limited	Bermuda	100%		1,038,010		(10)		1,038,000
Stolt-Nielsen Gas Limited	Bermuda	96%		63,952		300		64,252
Stolt-Nielsen Investments NV	Curacao	100%		1,658		–		1,658
Stolt Tankers Holdings Ltd	Bermuda	100%		144,785		–		144,785
Stolt-Nielsen Finance Limited	Bermuda	100%		10		–		10
Stolt-Nielsen Ship Finance Ltd	Bermuda	100%		10		–		10
			$	1,576,122	$	290	$	1,576,412

In 2019, the Company acquired 4% of Stolt-Nielsen Gas Limited for $0.3 million. It now owns 100% of the shares of Stolt-Nielsen Gas Limited.

Notes to the Financial Statements continued

The following indirect subsidiaries of the Company are considered to be significant as either their consolidated assets or revenues contribute 5% or more of the results of Consolidated Stolt-Nielsen Limited:

Undertakings Name (Legal Form)	Registered Office	Ownership %
Stolt-Nielsen Investment Pte Ltd	Singapore	100%
Stolt-Nielsen Investments B.V.	The Netherlands	100%
Stolt-Nielsen Holdings B.V.	The Netherlands	100%
Stolt-Nielsen B.V.	The Netherlands	100%
Stolt-Nielsen USA Inc.	USA	100%
Stolt Sea Farm Investments B.V.	The Netherlands	100%
Stolt Tank Containers B.V.	The Netherlands	100%
Stolthaven Terminals B.V.	The Netherlands	100%
Stolthaven Singapore Pte Ltd	Singapore	100%
Stolt Tankers Holdings Ltd	Bermuda	100%
Stolt Tankers Limited	Bermuda	100%
Stolt Tankers Investments Pte. Ltd.	Singapore	100%
Stolt Tankers Investments B.V.	The Netherlands	100%
Stolt Tankers B.V.	The Netherlands	100%

8. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial risk management

The Company's objectives when managing capital are to safeguard the Company and its subsidiaries' ability to continue as a going concern to provide returns for Shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. The Company and its subsidiaries' activities expose it to a variety of financial risks such as market risk (including currency risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company and its subsidiaries' financial performance.

Risk management is carried out by a central Treasury department under policies approved by the Board of Directors. The Company's Treasury identifies, evaluates and hedges financial risks in close cooperation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and investment of excess liquidity. All risk management is performed for the Company and its subsidiaries on a consolidated basis.

Fair value of financial instruments

The following estimated fair value amounts of financial instruments have been determined by the Company, using appropriate market information and valuation methodologies. Considerable judgement is required to develop these estimates of fair value, so the estimates provided here are not necessarily indicative of the amounts that could be realised in a current market exchange:

As of November 30, (in thousands)	**2019 Carrying Amount**	**2019 Fair Value**	2018 Carrying Amount	2018 Fair Value
Financial assets (Loans and receivables):				As Restated
Cash and cash equivalents	**$ 2**	**$ 2**	$ 4	$ 4
Accounts receivable from subsidiaries	**1,063,762**	**1,063,762**	1,832,879	1,832,879
Other current assets	**32**	**32**	7,701	7,701
Long-term receivable from subsidiaries	**290,262**	**290,262**	1,355,316	1,355,316
Financial liabilities (Amortised cost):				
Accounts payable to subsidiaries	**38,339**	**38,339**	37,984	37,984
Interest payable	**5,022**	**5,022**	6,635	6,635
Dividend payable	**13,457**	**13,457**	13,549	13,549
Long-term payable to subsidiaries	**1,048,696**	**1,048,696**	2,733,633	2,733,633
Long-term debt including current maturities	**466,154**	**472,600**	639,518	628,218
Derivative financial instruments (Fair value):				
Cross-currency interest rate swaps liability	**106,932**	**106,932**	111,967	111,967

The carrying amount of cash and cash equivalents, accounts receivable from subsidiaries, other current assets, accounts payable to subsidiaries, interest payable and dividend payable are a reasonable estimate of their fair value, owing to the short maturity thereof.

The estimated value of the Company's long-term debt is based on trading values as of November 30, 2019 and 2018. Market value of cross-currency interest rate swaps was estimated based on the amount the Company would receive or pay to terminate its agreements as of November 30, 2019 and 2018. Long-term debt in the table above excludes debt issuance costs of $1.7 million and $3.1 million for the years ended November 30, 2019 and 2018, respectively.

The Company has no financial assets which would otherwise have been past due or impaired that have been renegotiated.

Maturity of financial liabilities

For the year ended November 30, 2019 (in thousands)		**Less than 1 yr**		**2-3 yrs**		**4-5 yrs**		**More than 5 yrs**		**Total**
Contractual obligations:										
Interest payable	**$**	**5,022**	**$**	**–**	**$**	**–**	**$**	**–**	**$**	**5,022**
Dividend payable		**13,457**		**–**		**–**		**–**		**13,457**
Long-term debt including current maturities		**135,452**		**330,702**		**–**		**–**		**466,154**
Interest on long-term debt		**30,091**		**29,185**		**–**		**–**		**59,276**
Derivative financial liabilities		**31,335**		**75,598**		**–**		**–**		**106,933**
Total contractual obligations	**$**	**215,357**	**$**	**435,485**	**$**	**–**	**$**	**–**	**$**	**650,842**

For the year ended November 30, 2018 (in thousands)		Less than 1 yr		2-3 yrs		4-5 yrs		More than 5 yrs		Total
Contractual obligations:										
Interest payable	$	6,635	$	–	$	–	$	–	$	6,635
Dividend payable		13,549		–		–		–		13,549
Long-term debt including current maturities		150,356		314,162		175,000		–		639,518
Interest on long-term debt		37,943		41,248		18,029		–		97,220
Derivative financial liabilities		41,564		217,198		–		–		258,762
Total contractual obligations	$	250,047	$	572,608	$	193,029	$	–	$	1,015,684

Long-term debt in the table above excludes debt issuance costs of $1.7 million and $3.1 million for the years ended November 30, 2019 and 2018, respectively. Derivative financial liabilities are stated at future undiscounted cash flows; therefore, they do not agree to the balance sheet.

Market risk

The Company is exposed to market risk, including changes in interest rates and currency exchange rates. To manage the volatility relating to these exposures, the Company enters into derivative transactions in accordance with Company policies. The financial impact of these instruments is offset by corresponding changes in the underlying exposures being hedged. Derivative instruments are not held for trading or speculative purposes.

Concentration of credit risk

Receivables are from subsidiaries and with counterparties on derivative financial instruments. The maximum exposure to credit risk is the Accounts Receivable balance of $1,557.2 million. The Company reviews the financial instrument counterparties' credit ratings upon entering into a derivative contract. There are no past due receivables and no allowance for doubtful accounts.

Liquidity risk

Cash flow forecasting is performed by the subsidiaries of the Company and is aggregated at the corporate level. The Treasury department monitors rolling forecasts of the Company subsidiaries' liquidity requirements to ensure the Company and its subsidiaries have sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and certain currencies' restrictions.

Fair value estimation

The below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The Company's derivative assets of nil as of November 30, 2019 and 2018 and derivative liabilities of $106.9 million and $112.0 million as of November 30, 2019 and 2018, respectively, are measured using inputs other than quoted prices (Level 2).

Notes to the Financial Statements continued

9. LONG-TERM DEBT AND FINANCE EXPENSES

The Company announced on September 8, 2017, the placement of senior unsecured bonds for $175.0 million in a new five-year bond issue carrying a fixed coupon rate of 6.375%. Net proceeds from the bond issue were used to repay a bond maturing in March 2018, and for general corporate purposes.

On November 16, 2016, in relation to the acquisition of JoT, SNL completed a one-year $50.0 million Collateralised Revolving Credit Facility secured by some of SNL's Treasury shares and Stolt-Nielsen Gas Limited's holding of Golar shares. During 2017, the facility was extended for another 12 months and the limit on it increased to $60.0 million. The facility, a bilateral loan with Skandinaviska Enskilda Banken AB, has to be repaid in full at maturity and requires sufficient collateral value in the shares at all times. Interest is variable at LIBOR plus 1.8%. During 2018, the facility was extended for another 12 months. Of the total, $34.0 million was outstanding at November 30, 2018. In November 2019, the facility was reduced to $40.0 million.

On June 8, 2016, the Company completed the increase of NOK 200.0 million ($24.7 million) on its bond issuance maturing in 2018, NOK 500.0 million ($61.8 million) on its bond issuance maturing in 2019, NOK 150.0 million ($18.5 million) on its bond issuance maturing in 2020, and NOK 200.0 million ($24.7 million) on its bond issuance maturing in 2021. The Company swapped the bond volumes into US dollar obligations at fixed interest rates of 4.47% for 2018, 5.49% for 2019, 5.78% for 2020 and 5.99% for 2021 bond issuances. On September 19, 2017, $16.2 million of the bonds maturing in 2018 were redeemed early.

The Company announced on March 26, 2015, the placement of senior unsecured bonds for NOK 1,100.0 million (approximately $142.2 million) in a new five-year bond issue carrying a coupon rate of three-month NIBOR plus 4.1%, which was fixed at 6.22% through interest rate swaps.

On March 3, 2014, the Company finalised a placement of senior unsecured bonds in a total amount of NOK 1,250.0 million (approximately $207.0 million) in a new seven-year bond issue. The settlement date for the new bonds was March 18, 2014. The Company has swapped the new bonds into US dollar obligations at a fixed interest rate of 5.89%.

On September 4, 2012, SNL received NOK 500.0 million ($85.9 million) on a new seven-year senior unsecured bond issue and an increase of NOK 200.0 million ($34.3 million) in the existing six-year bond issue. This was fully repaid in 2018 and 2019.

Finance expenses of $45.5 million and $51.1 million relate to the senior unsecured bond issue and revolving credit facility for the years ended November 30, 2019 and 2018, respectively.

Debt issuance costs of $1.7 million and $3.1 million have been netted against long-term debt at November 30, 2019 and 2018, respectively. Debt issuance costs recognised as part of effective interest rates were $1.4 million and $1.5 million for each of the years ended November 30, 2019 and 2018.

10. OTHER PAYABLES

At November 30, 2019, the balance of other payables mainly related to the 2019 interim dividend of $13.5 million and interest payable of $5.0 million on long-term debt.

At November 30, 2018, the balance of other payables mainly related to the 2018 interim dividend of $13.5 million and interest payable of $6.6 million on long-term debt.

11. COMMITMENTS AND CONTINGENCIES

As of November 30, 2019, the Company has guaranteed substantially all of the $2,345.5 million in long-term debt obligations of its direct and indirect subsidiaries. In addition, it guarantees $20.0 million of the debt of Hassel Shipping 4 A.S. and a facility for bunker hedging for $3.0 million.

As of November 30, 2019, the Company's subsidiaries and certain of its indirect subsidiaries had $370.0 million of committed lines undrawn and available for future use, with no amounts outstanding. Substantially, all of the committed and uncommitted bank loans outstanding under these credit facilities at November 30, 2019 are guaranteed by the Company. Several of the credit facilities contain various financial covenants, which, if not complied with, could limit the ability to draw funds from time to time.

Substantially, all debt held by subsidiaries is secured on assets owned by the Company's subsidiaries; therefore, no liability has been recorded in relation to the fair value of this guarantee.

Subsidiaries of the Company have entered into contracts for the purchase of foreign currencies under their foreign exchange lines with various banks. Any contracts entered into pursuant to these lines generally are guaranteed by the Company. Certain currency positions entered into by these subsidiaries effectively have been closed by entering into offsetting foreign exchange contracts. At November 30, 2019, the total value of the currencies which these subsidiaries had contracted to purchase pursuant to open foreign exchange contracts maturing through August 2020 was $47.3 million, with a mark to market position of $0.3 million.

12. RELATED PARTY TRANSACTIONS

In 2016, SNL entered into a related party loan with Stolt-Nielsen Acquisition Holdings Ltd (now Stolt Tankers Limited) for $50.0 million in relation to the acquisition of Jo Tankers ("JoT"). This loan was restructured in November 2017 and included in a new related party loan between SNL and Stolt Tankers Limited for $757.4 million. Interest on the loan is based on the average cost of funds of Consolidated SNL. A loan has been entered into between SNL and Stolt-Nielsen MS Limited for $874.3 million with interest at the average cost of the bond debt. In addition, SNL and Stolt Tankers B.V. has entered into a $5.3 million note with interest based on LIBOR plus a mark-up. All remaining receivables and payables to subsidiaries at November 30, 2019, are non-interest bearing and repayable on demand with the majority being denominated in US dollars. Their market value and contractual balances are in line with amounts recorded.

At November 30, 2019, no receivables are overdue or impaired. The maximum exposure to credit risk is the carrying value of the receivables.

(in thousands)		2019		2018
Accounts receivable from subsidiaries				As Restated
Stolt-Nielsen Investment Holdings B.V.	**$**	**898,890**	$	898,890
Stolt-Nielsen Finance Limited		**164,646**		164,646
Stolt-Nielsen Group Resources Ltd		**–**		702,710
Other		**226**		66,633
	$	**1,063,762**	$	1,832,879
Accounts payable to subsidiaries				
Stolt-Nielsen Indian Ocean and Middle East Service, Ltd.	**$**	**37,543**	$	37,543
Other		**796**		441
	$	**38,339**	$	37,984
Long-term receivable from subsidiaries				
Stolt Tankers Limited	**$**	**290,262**	$	642,120
Stolt-Nielsen Group Resources Ltd		**–**		707,530
Stolt Tankers B.V .		**–**		5,666
	$	**290,262**	$	1,355,316
Long-term payable to subsidiaries				
Stolt-Nielsen M.S. Ltd	**$**	**788,637**	$	1,601,800
Stolt-Nielsen Group Resources Ltd		**260,049**		992,259
Stolt Tankers Holdings Ltd		**–**		139,564
Other		**10**		10
	$	**1,048,696**	$	2,733,633

Receivables from subsidiaries of $1,063.8 million were primarily the result of the historical issuance of shares, proceeds from long-term debt issuance, payment of dividends and billings of expenses to subsidiaries, prior acquisitions of investments, receipt of dividends from subsidiary companies and normal expenses.

The long-term receivable from Stolt Tankers Ltd, formerly Stolt-Nielsen Acquisition Holdings Ltd, related to the acquisition of JoT in 2016.

Dividends received of $29.5 million and $32.0 million were from Stolt-Nielsen Group Resources Ltd for the years ended November 30, 2019 and 2018, respectively. Dividends received of $13.1 million were from Stolt-Nielsen Investment NV for the year ended November 30, 2018.

The long-term payable to Stolt-Nielsen Group Resources Ltd and Stolt-Nielsen M.S. Ltd related to the acquisition of a subsidiary, investment in and restructuring of certain of its investments by the Company in 2017 and external dividends, partially offset by the interest-bearing loan discussed above.

The Company has no employees as all services are performed by employees of its subsidiaries. Board of Directors' and key management compensation for SNL are as follows for the full years ended November 30, 2019 and 2018:

(in thousands)		2019		2018
Board fees	**$**	**835**	$	835
Salary and benefits		**4,197**		4,510
Profit sharing		**136**		705
Long-term incentives		**748**		931
Pension cost		**466**		880
Total compensation and benefits	**$**	**6,382**	$	7,861
Average number of key managers included		**9**		9

Key management includes the Executive Officers and Presidents of the major businesses.

The Company is ultimately controlled by trusts for the benefit of the Stolt-Nielsen family.

Notes to the Financial Statements continued

13. LEGAL PROCEEDINGS

There are various legal proceedings arising in the ordinary course of business and in cases where the Company believes the likelihood of losses is probable and can be estimated, provisions would be recorded. Whilst ongoing legal proceedings could have a material adverse effect on the Company's consolidated financial position or results of operations in the future, the Company believes that none of these matters will have a material adverse effect on its business or financial condition.

During 2019 and 2018, the Company's subsidiaries have been involved in certain civil litigation cases, which are described in Note 29 of the consolidated financial statements.

For the matters described, as each such matter is covered by insurance, the Company has not incurred any legal costs for the years ended November 30, 2019 and 2018.

14. EQUITY

	Founder's Shares par value $0.001 per share		Common Shares par value $1 per share	
	Shares Issued	Treasury Shares	Shares Issued	Treasury Shares
Balance at December 1, 2018	16,033,449	813,857	64,133,796	3,255,430
Repurchase of treasury shares	–	88,643	–	354,570
Balance at November 30, 2019	**16,033,449**	**902,500**	**64,133,796**	**3,610,000**

Under the Bermuda Company Law, Founder's Shares are not considered as representing capital of the Company.

Share rights

The Company's authorised share capital consists of 65,000,000 Common Shares, par value $1.00 per share, and 16,250,000 Founder's Shares, par value $0.001 per share. As of November 30, 2019, there were 64,133,796 Common Shares issued, of which Treasury shares were 3,610,000 (2018: 3,255,430). Except for matters where applicable law requires the approval of both classes of shares voting as separate classes, Common Shares and Founder's Shares vote as a single class on all matters submitted to a vote of the Shareholders, with each share entitled to one vote.

Under the Bye-Laws, holders of Common Shares and Founder's Shares participate in annual dividends, if any are declared by the Company, in the following order of priority: (i) $0.005 per share to Founder's Shares and Common Shares equally; and (ii) thereafter, all further amounts are payable to Common Shares only.

Furthermore, the Bye-Laws also set out the priorities to be applied to each of the Common Shares and Founder's Shares in the event of a liquidation. Under the Bye-Laws, in the event of a liquidation, all debts and obligations of the Company must first be paid and thereafter all remaining assets of the Company are paid to the holders of Common Shares and Founder's Shares in the following order of priority: (i) Common Shares ratably to the extent of the par value thereof ($1.00 per share); (ii) Common Shares and Founder's Shares participate equally up to $0.05 per share; and (iii) thereafter, Common Shares are entitled to all remaining assets.

Treasury shares – transfer

In November 2016, 7,000,000 Treasury shares were pledged as collateral for the SEB $60.0 million revolver facility. To comply with Bermuda law, the ownership of these shares was transferred from Stolt-Nielsen Limited to Stolt-Nielsen Finance Limited, a wholly owned subsidiary. Stolt-Nielsen Finance Limited holds these shares on behalf of the lender and they are no longer included in Treasury shares. These shares are now included within Paid-in surplus on the Balance Sheet and are considered outstanding for the purposes of the Earnings Per Share calculation. Subsequent to November 30, 2019, 1,500,000 of the shares were no longer required as collateral and were transferred back from Stolt-Nielsen Finance Limited to Stolt-Nielsen Limited and reclassified as Treasury shares.

Founder's Shares and Treasury shares

As of November 30, 2019, 15,130,949 (2018: 15,219,592) of Founder's Shares had been issued to Fiducia Ltd, net of Treasury shares. Additional Founder's Shares are issuable to holders of outstanding Founder's Shares without consideration, in quantities sufficient to maintain a ratio of Common Shares to Founder's Shares of 4 to 1.

As of November 30, 2019, 3,610,000 (2018: 3,255,430) of Treasury shares were held by the Company. The Company also held 902,500 (2018: 813,857) of Founder's Shares. Note that dividends are not paid on Treasury shares held by the Company.

Share repurchase

On February 7, 2018, the Board authorised continuation of the share buy-back programme initially announced on March 2, 2016. Under that 2016 buy-back programme, the Board had authorised the purchase of up to $30.0 million worth of the Company's Common Shares, of which the Company only utilised $1.7 million, leaving $28.3 million available for further purchases. In the year ended November 30, 2018, a further 1,066,489 shares had been repurchased for $15.2 million and in the year ended November 30, 2019, 354,570 shares were repurchased for $4.4 million, leaving $8.7 million available for further purchases.

Capital management

The Company defines capital as net debt and Shareholders' equity. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern to provide returns for Shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. To maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to Shareholders, return capital to Shareholders, issue new shares, repurchase shares or sell assets to reduce debt. Capital management for the Company is performed on a consolidated basis with its subsidiaries. See the Consolidated Financial Statements of Stolt-Nielsen Limited for further discussion of how Consolidated Stolt-Nielsen Limited manages its capital.

15. DIVIDENDS

On November 21, 2019, the Group's Board of Directors declared an interim dividend of $0.25 per Common Share and $0.005 per Founder's Share to Shareholders of record as of November 27, 2019. The total gross amount of the dividend was $13.5 million, which was classified as an interim dividend and paid on December 11, 2019.

On February 14, 2019, the Group's Board of Directors recommended a final dividend for 2018 of $0.25 per Common share payable on May 9, 2019 to shareholders of record as of April 25, 2019. The dividend was approved at the Group's Annual General Meeting of Shareholders held on April 16, 2019 in Bermuda. The total gross amount of the dividend was $13.4 million and paid on May 9, 2019.

16. RECONCILIATION OF NET PROFIT TO CASH GENERATED FROM OPERATIONS

(in thousands)	For the years ended November 30, 2019	2018 As Restated
Net profit	**$ 56,855**	$ 79,418
Adjustments to reconcile net profit to net cash from operating activities:		
Finance expense	**45,467**	51,140
Finance income	**(74,627)**	(88,849)
Changes in assets and liabilities:		
Decrease in accounts receivables from subsidiaries, net	**186,329**	179,360
Decrease (increase) in other current assets	**7,669**	(1,411)
Increase in accounts payable	**37,910**	24
Other	**(103)**	(12)
Cash generated from operations	**$ 259,500**	$ 219,670

17. SUBSEQUENT EVENTS

Dividends

On March 16, 2020, the Company recommended that no final dividend be paid for 2019 in response to market uncertainties created by the ongoing coronavirus pandemic and to protect the liquidity of the Group.

Issuance of bonds

On February 5, 2020, the Company announced the placement of a senior unsecured bond issue of NOK 1.3 billion ($141.5 million) with maturity date in 2024. The Company has swapped the new bond in U.S. dollars for a fixed interest rate of 5.44%. In connection with the placement of the new bond issue, the Company has repurchased NOK 427 million of the Nordic bond with maturity date of April 8, 2020.

Shareholder information

STOCK LISTING

Common Shares
On Oslo Børs under symbol SNI

SHARES OUTSTANDING

(as of November 2019)
Common Shares – 60,523,796
Country of Incorporation: Bermuda

ANNUAL GENERAL MEETING

April 16, 2020 at 11:00 am
Clarendon House, 2 Church Street
Hamilton HM 11
Bermuda

REGISTRAR

Common Shares – VPS
DNB Bank ASA
Dronning Eufemias gate 30
0191 Oslo, Norway

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